



# Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The World's Daily Newspaper

R

London, Saturday-Sunday, July 4-5, 1998

No. 35,874

## Clinton Ends Visit by Praising Jiang

### He Cites Chinese Leader's 'Good Imagination' About Reform

By John F. Harris  
Washington Post Service

HONG KONG — President Bill Clinton ended his trip to China on Friday with a flattering assessment of President Jiang Zemin, praising the Chinese leader as a visionary who is slowly nudging a repressive regime down the path to greater freedom.

Hours before an exhausted presidential delegation slumped onto Air Force One after a frenetic nine-day tour, Mr. Clinton gave a remarkable parting gift at a news conference to the man who was his host earlier at a Beijing summit meeting.

Mr. Clinton's words were at once an explicit endorsement of Mr. Jiang's leadership abilities, and a tacit acknowledgment of how much hope the Clinton

administration is investing in his supposed goodwill to determine the success of U.S.-China relations.

Calling his counterpart "a man of extraordinary intellect" and "very high energy," Mr. Clinton said that Mr. Jiang's most important asset was a "quality that is profoundly important at this moment in our history when there's so much change going on: He has a good imagination."

"He can imagine a future that is different from the present," Mr. Clinton continued, citing "the potential we have for a strategic partnership."

While a debate is under way among China specialists here and in the United States about Mr. Jiang's ability and motives, Mr. Clinton said that during his visit he had arrived at a generous conclusion about the 71-year-old Commu-

nist ruler and his long-term designs. Far from being the plodding "transitional figure" many critics thought, Mr. Jiang is a commanding figure likely to remain in power for "a sustained period," Mr. Clinton said. And far from being the cautious former engineer who always goes by the book, Mr. Clinton said, Mr. Jiang showed confidence and flexibility by extending the U.S. presidential access to the Chinese people several times.

"I think it was a personal expression of confidence in the goodwill that we have established," said Mr. Clinton, who used the forums to condemn the massacres near Tiananmen Square in 1989 and to argue that China will enjoy greater prosperity if it expands individual

See SUMMIT, Page 14



President Clinton smiling during his final press conference in China.

## Threat of Conflict On Cyprus Recedes

### Russia to Delay Missile Delivery

By Joseph Fitchett  
International Herald Tribune

PARIS — The threat of an armed confrontation between Turkey and Greece over Cyprus eased Friday, apparently as a result of intense pressure from Washington and other NATO capitals, including a U.S. promise to sell a dozen warships to the Greek and Turkish navies.

In what diplomats saw as an initial sign of progress, Russian officials said that Moscow had decided to delay delivery of long-range air-defense missiles to the Greek part of Cyprus until late this fall.

In a \$425 million deal last year, Russia agreed to deliver the S-300 launchers and missiles, together with long-range guidance radars, which could have been operational on the politically divided island late this summer.

At the same time, the Clinton administration notified Congress this week of plans to deliver 14 frigates to Turkey and 11 frigates to Greece over the next two years in a package of sales and giveaways worth approximately \$250 million.

The missile delivery delay was announced in Turkey by Ambassador Vadim Kuznetsov of Russia. Further details were not immediately available, but NATO officials said Friday that the slippage in the initial schedule almost certainly signified the first results of intense efforts by Washington and allied European capitals to persuade Moscow to halt the sale — or else help find a way of preventing the missiles from winding up on Cyprus.

"This seems to provide more bargaining time for a way out," a European diplomat said in Brussels.

Officials said that the Kremlin ap-

peared determined to make the weapons sale, both for the revenue and to help revive flagging exports of Russian armaments.

But NATO leaders, including General Wesley Clark, the U.S. officer who commands allied forces in Europe, have said that they view the S-300 surface-to-air missiles as a flashpoint for conflict in the eastern Mediterranean.

He and other NATO commanders have been warning their governments that the Turkish armed forces would launch airstrikes to knock out any Greek Cypriot facilities at which the missiles became operational — a development that could lead to war between Turkey and Greece, both members of NATO.

The risk for the alliance also stems from the probability that the missiles would bring Russian technicians to Cyprus to operate the system.

"They could use its long-range detection capabilities to track every aircraft in allied airspace in southern Europe," according to a top NATO commander.

The Greek Cypriot armed forces, whose anti-aircraft weapons currently consist of fewer than 100 shoulder-fired missiles, would need to train for several years to master the S-300 without Russian advisers, he said.

One much-discussed solution would involve persuading the Athens government to install the missiles in Greece instead of on Cyprus. The Greek armed forces, which are integrated into NATO, could run the missiles without Russian help.

If a compromise of this sort proved possible, the systems and their radars could then become part of a larger pattern of measures being discussed to im-

See CYPRUS, Page 10

## Clinton's Trip Gave a Boost To China's Image in U.S.

By Erik Eckholm  
New York Times Service

BEIJING — The Chinese, from the top leaders to the man in the street, were elated with the nine-day visit by an American president who struck many here as vibrant and empathetic.

No matter that President Bill Clinton lectured China, gently but firmly, about the merits of freedom, called the bloody 1989 crackdown on student demonstrators wrong and praised the Dalai Lama, who is usually portrayed here as a villain. He seemed so warm and so successful.

President Jiang Zemin's startling, self-confident decision to allow Mr. Clinton to speak on live television only added to the sense of excitement.

NEWS ANALYSIS "In the view of most people here this signals a new acceptance of China after 1989," said Zhang Xiaojin, an international relations expert at People's University.

The White House — facing mounting complaints at home that it is coddling the Chinese at the expense of American values and interests — and the Chinese — who want American trade, investment, technology and respect — had congruent interests in this state visit. That was to improve China's image in the United States, showing its diversity and social changes and growing freedoms in the personal realm.

In that, the visit appears to have been a success. And it was Mr. Jiang's insight to recognize that a major concession, such as the televising of the Jiang-Clinton news conference and Mr. Clinton's Beijing University speech, was needed to make it so.

"This prevented Clinton from coming back with egg on his face," said Roderick MacFarquhar, a China expert at Harvard University.

The visit has certainly bolstered the top status here of Mr. Jiang.

Equally important, it gives a boost to the many other pragmatic officials, from Prime Minister Zhu Rongji on down, who believe the success of their transition to an advanced, market-oriented economy depends on better ties with the undisputed economic and polit-

See CLINTON, Page 14

## Final Shot Ends Italians' Chances

By Christopher Clarey  
International Herald Tribune

SAINT-DENIS, France — Luigi Di Biagio's penalty kick ricocheted off the crossbar on Friday, and as the Italian midfielder fell backward with an anguished expression on his face, the French players rushed forward to share their relief with Fabien Barthez, their goalkeeper.

After 120 minutes of sophisticated defensive soccer, a handful of legitimate opportunities and no goals, this

Brazil beats Denmark, 3-2, Page 23



David Trezeguet being acclaimed Friday by the French goalkeeper, Fabien Barthez (16), and Zinedine Zidane after penalty shoot-out.

fratricidal World Cup quarterfinal between the host nation and the nation where many French stars earn fine livings in lira had come down to this.

"I'm exhausted," said the French coach, Aime Jacquet, after his team beat Italy by 4-3 on penalty kicks.

But only Coach Cesare Maldini's Italian team can rest. The French will play again Wednesday in the semifinals in the Stade de France. They will face the winner of the match Saturday between Germany and Croatia.

The Italians must face the fact that for a second consecutive World Cup, they lost on penalty kicks. In the 1994 final against Brazil, Roberto Baggio was the last Italian to shoot and sent the ball flying over the crossbar.

Luigi Di Biagio, who has been one of the Squadra Azzurra's finest performers in France, came closer to his target, but the result was the same.

Di Biagio was not the only player to miss on Friday. The French defender

See SOCCER, Page 22

## AGENDA

### Sampras and Ivanisevic Win to Gain Final at Wimbledon

Pete Sampras defeated Tim Henman in four sets on Friday to move within one victory of his fifth Wimbledon tennis title in six years.

Sampras lost his first set of the tournament but relied on his serve and experience to prevail, 6-3, 4-6, 7-5, 6-3, stopping Henman's bid to become the first British man's finalist in 62 years. Sampras will play Goran Ivanisevic, a two-time runner-up, in the final Sunday.

Ivanisevic squandered two match points in the fourth set on Friday, then

outlasted Richard Krajicek, 15-13, in a marathon fifth set.

Krajicek served 23 aces in the fifth set alone, and had 42 for the match.

Now poised to play for his fifth

Wimbledon title and 11th Grand Slam crown, Sampras did not bother with any exaggerated celebrations — he knows well that there is more work to be done.

Ivanisevic, by contrast, threw his bandanna, his racket, his towels and anything else he could find into the crowd after finally defeating Krajicek to earn his third shot at the Wimbledon title he has yet to claim.

It will be a repeat of the 1994 final, which Sampras won in straight sets.

Page 21.

Books ..... Page 8  
Crossword ..... Page 3  
Opinion ..... Page 6  
Sports ..... Pages 21-22

The Internet ..... Page 7  
The IHT on-line ..... www.ihl.com

## Florida County Evacuated

### 30,000 More People on Move as Wildfires Rage

Compiled by Our Staff From Dispatches

TITUSVILLE, Florida — Northeast Florida felt like a war zone Friday as wildfires consumed brush and buildings with no hindrance from nature, and thousands of residents emptied towns threatened by the onrushing flames.

Everyone in Flagler County — at least 30,000 people — was ordered to leave as the fires showed no sign of ending their six-week sweep through the region.

| Newstand Prices          |                             |
|--------------------------|-----------------------------|
| Bahrain.....1,000 BD     | Melita.....55 c             |
| Cyprus.....C £ 1.00      | Nigeria.....1200 Naira      |
| Denmark.....14.00 DKK    | Oman.....1,250 OMR          |
| Finland.....12.00 FM     | Qatar.....10.00 QR          |
| Gibraltar.....£ 0.85     | Rep. Ireland.....IR £ 1.00  |
| Greece.....£ 0.90        | Saudi Arabia.....10 SR      |
| Great Britain.....£ 5.50 | S. Africa.....R12 + VAT     |
| Egypt.....1,250 JD       | U.A.E.....10.00 Dh          |
| Jordan.....K SH 160      | U.S. Mil. (Eur).....\$ 1.20 |
| Kenya.....700 KSh        | Zimbabwe.....Zim \$40.00    |

"The fire is north, south and west," said a spokesman for Federal Emergency Management Agency in Tallahassee. "A concern is that they will converge and you'll get one big fire."

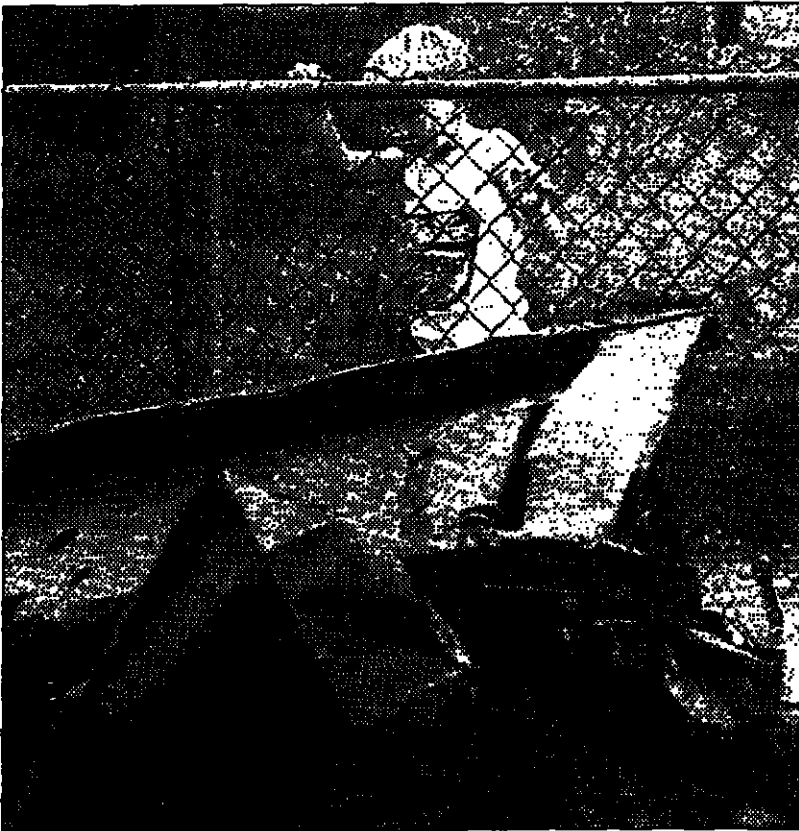
A smoky haze obscured the sky as far away as Miami, 250 miles to the south.

Residents were advised to head west to the inland city of Palatka. Buses were provided, but the Red Cross recommended that people take their own cars. About 40,000 residents of Volusia and Brevard counties already had been forced out of their homes after wind-swept embers spread fires that had been consuming rural areas, state emergency management officials said.

Dozens of businesses and homes have been destroyed or damaged, and the fires kept a 140-mile stretch of Interstate 95 closed from Titusville in Brevard County to Jacksonville near the Georgia border.

The Pepsi 400 stock car race at the Daytona International Speedway, scheduled for Saturday, was postponed. It had been estimated that 200,000 spectators would attend the race.

See FIRE, Page 10



Dustin Carver, 5, peering through a chain-link fence at the charred rubble of his neighbor's home Friday in Scottsboro, Florida.

## From Nigeria, Good News

### Any Move for Democracy Could Inspire Africa

By R.W. Apple Jr.  
New York Times Service

WASHINGTON — For the Western governments that have watched with dismay for the last three decades as much of Africa suffered through chaos and bankruptcy, the news from Nigeria is the most gratifying from that continent since the establishment of a multiracial government in South Africa under Nelson Mandela.

If Nigeria could take even a few steps along the path toward democracy, as implied by the reported pledge of its new military government to release all political prisoners, it could encourage other African governments to follow.

It might enable Nigeria itself, a country with real possibilities, to begin a comeback from decades of corruption, dictatorship, ethnic tension and war.

And it would ease the fears of other West African leaders that political unrest and economic deprivation would spill into their countries.

When President Bill Clinton and an entourage of more than 800 swept through Africa this spring, they flew over Nigeria twice but never landed.

That pained the administration's

Africa experts, from Assistant Secretary of State Susan Rice on down. Nigeria counts. It is the most important country in sub-Saharan Africa, with the possible exception of South Africa.

It is big — about the size of France and Germany combined or more than twice the size of Japan. Its 110 million people make it Africa's most populous nation. It is the fifth-largest supplier of oil to the United States.

NEWS ANALYSIS But a visit from Mr. Clinton was out of the question, Ms. Rice said at the time.

The government of General Sani Abacha, one of the world's most repressive, annulled democratic elections in 1993, executed nine environmental activists in 1995 and filled jails with its opponents, including Moshood Abiola, the apparent victor in the 1993 vote.

Suspended from the Commonwealth, subjected to sanctions by the United States and others, Nigeria dug in its heels.

Outsiders' leverage ranged from limited to nonexistent, and no early change seemed possible. On a visit to Nigeria,

See NIGERIA, Page 10





# 'Bleak' Outlook for Peace as Ulster Protestants Prepare to March

**DUBLIN**—Prime Minister Bertie Ahern said Friday he could not see a resolution to a standoff between Protestant members and Roman Catholic residents in Northern Ireland.

"My assessment, I have to say, is still bleak," he told Parliament.

The impasse centers on a banned Protestant march, one of many that take place at this time of the year to celebrate the community's British identity and mark a 17th-century victory by a Protestant king over a Catholic monarch.

The parade issue in Portadown, southwest of Belfast, stoked temperatures further in the British province after members of the Protestant Orange Order threatened to defy the ban and go through the mainly Catholic Garvaghy Road area this weekend.

Catholics see the marches as intimidation, and they have sparked riots in previous years.

Tension in Northern Ireland has also been

heightened by a spate of church burnings only days after the first meeting of the new Northern Ireland Assembly.

On Wednesday night, 10 Catholic churches were set ablaze — three were devastated — and overnight Thursday a Catholic primary school and three buildings with links to Protestant institutions were damaged by fire.

Both Mr. Ahern and Prime Minister Tony Blair of Britain have appealed for calm and have urged the sectarian rivals to compromise.

President Bill Clinton also urged the people of Northern Ireland on Friday not to let the dispute over the march get in the way of the wider goal of peace. The U.S. president, at a news conference

concluding a nine-day visit to China, said it would be "tragic indeed if either side felt so aggrieved by the ultimate resolution of the marching issue that they lost the bigger picture in the moment. I think that is something that must not happen."

The president had talked by phone on Thursday to the rival Northern Irish political leaders David Trimble and Seamus Mallon about what the United States could do to help diffuse the tension.

The president said he was particularly distressed by the church burnings, noting that there had been such burnings in the United States in the last few years.

"I would just plead to whoever was responsible for this for whatever reason, you need to take the churches off the list, and you need to take violence off the list," he said.

Mr. Clinton said he planned to stay in daily contact with the parties.

In Bangor, a predominantly Protestant seaside town east of Belfast, a gunman shot and killed a man in his 40s as he walked out his front door in Kilcooley, the town's most hard-line Protestant neighborhood.

The police said both the gunman and victim

were most likely Protestant and apparently were not directly related to the sectarian showdown looming in Portadown.

Kilcooley has suffered from feuding among Northern Ireland's several pro-British paramilitary factions, which operate rival criminal rackets.

The Orange Order's annual parade in Portadown this Sunday follows a route from the rural Drumree Anglican Church past Catholic homes along the Garvaghy Road.

Anti-Orange protesters there have sat down on the road for the past three summers, forcing the authorities to decide whose rights should prevail. The confrontation has triggered violence each year.

The Portadown Orangemen have triumphed over the protesters each time, marching past hostile Catholics under police and army escort and back into the center of the otherwise Protestant town.

Arsonists also attacked the homes of two isolated Catholic families on Londonderry's predominantly Protestant east side.

Police made no arrests but blamed a Portadown-based paramilitary group, the outlawed Loyalist Volunteer Force.

In apparent retaliation, arsonists torched All-naveigh Orange Hall outside the predominantly Catholic town of Newry late Thursday, then struck two Protestant church properties on Londonderry's overwhelmingly Catholic west side — St. Peter's Anglican Church and a children's play cabin beside the Ballynarnet Presbyterian Church.

Police arrested a Catholic youth.

"You never think it's going to happen to your own church, your own building," said the Rev. Canon Matthew Moore, pastor of St. Peter's, which had been rebuilt after being burned off during Garvaghy Road-related mayhem in 1996. (Reuters, AP)

## German Unions Are Wary Of Pro-Business Member In Schroeder's 'Cabinet'

By Edmund L. Andrews  
New York Times Service

**FRANKFURT** — Gerhard Schröder, the Social Democratic challenger to Chancellor Helmut Kohl in Germany's national elections in September, has gone out of his way to polish his image as a leader who would be good for business.

But when Mr. Schröder personally introduced members of his potential future cabinet this past week in Berlin, one person was conspicuously absent: the man who would be his economics minister.

And that was no accident. Joliz Stollmann, a 43-year-old, self-made millionaire who started and recently sold his own computer-networking company, had just left for vacation. Before leaving, Mr. Stollmann had announced that he would not play a role in the election campaign or be a spokesman for the Social Democrats' economic program.

"I am not a politician and I'm not participating in the election campaign," Mr. Stollmann said in an interview. "There are others who are more capable."

Less than three months before the vote, Germany's Social Democrats have a strong chance of beating Mr. Kohl and his center-right Christian Democrats for the first time in 16 years.

But the strains between the party's left-leaning traditionalists and Mr. Schröder's comparatively pro-business wing are also becoming more apparent. Germany's powerful union leaders who hold sway in the party have been infuriated by Mr. Stollmann's nomination, accusing him of being hostile to workers. Rank-and-file party members, meanwhile, have been rattled

by the elevation of an outsider who plainly comes from a different world.

Mr. Schröder has borrowed unabashedly from the election strategies of Prime Minister Tony Blair of Britain and President Bill Clinton, packaging himself as a pro-business Social Democrat who could do more than his conservative rivals to stimulate the German economy and reduce sky-high unemployment.

Naming Mr. Stollmann, a political outsider who brought an aura of Silicon Valley-style success, has been his most visible gesture toward business. A graduate of Harvard Business School who worked for a time at the Boston Consulting Group, Mr. Stollmann started his own company at the age of 29. Last year, the company, Compunet AG, which provides computer-networking services, had sales of about \$1 billion and was recently sold to General Electric Co. of the United States.

Until recently, he had never held any political office and does not belong to a political party. The closest he came to politics was three years ago, when he ran a prominent newspaper campaign to rebut critics who said Germany had become too expensive, lazy and rigid for business.

"A land without a future? Rubbish!" said one ad in bold block letters. "Sleeping government workers? Nonsense!"

Aside from those opinions, Mr. Stollmann is a pragmatist. "The days of ideological battles between left and right are over," he said. "The issue is having the political leadership and the political process that can lead to renewal. I can bring a certain leadership to bring together some of the best minds in the country."

But Mr. Stollmann immediately



Residents of San Martino, near Palermo, trying to prevent flames fed by strong winds from spreading Friday. About 300 people were evacuated. Temperatures in Sicily soared as high as 48 centigrade.

touched off hostility within the party. By pointedly distancing himself from Social Democratic policies, he aroused suspicions of disloyalty.

As if that were not enough, Mr. Stollmann has been openly skeptical about one of the Social Democrats' core ideas: reducing joblessness through a broad "Alliance for Work" between government, labor and industry. Party officials say political leaders might offer to loosen regulations, and unions would be willing to restrain wage increases in return for more ambitious corporate hiring.

"We do need what Americans might call 'a change coalition,'" Mr. Stollmann said. "But that kind of change coalition cannot decide how many new jobs are going to be created. We are a market economy, after all."

German union leaders were outraged by what they took to be Mr. Stollmann's dismissive attitude.

"Mr. Stollmann obviously has a lot to learn, when he discredits the Alliance for Work as meaningless," said Franz-Josef Moellenberg, chairman of the food workers' union.

"We hope he learns quickly. If not,

## Heat Wave Kills 10 in South Europe

**ATHENS** — Scorching North African winds swept over Greece and Italy on Friday, pushing temperatures as high as 45 degrees centigrade and killing at least 10 people.

Temperatures were not expected to drop until late Sunday and hospitals in both countries were placed on full alert to deal with the blistering heat wave.

Normal seasonal temperatures hover around 33 degrees centigrade (91 Fahrenheit) in the region.

"Hot air masses in the lower atmosphere from North Africa are at their maximum transfer rate," said Nikos Kanderes, a Greek meteorologist. "The first strong heat wave of the year will be history on Sunday."

A combination of high temperatures and little wind pushed air-pollution levels in the Athens basin to the highest point in two years, sending hundreds of people to hospitals suffering from heat-stroke and exhaustion. At least four deaths in Greece were attributed to the weather.

Temperatures in Athens climbed as high as 44 degrees centigrade.

In Italy, at least six deaths were attributed to the heat, news reports said.

Mr. Schröder has not yet betrayed any concern. "I expressly wanted him to keep his own mind, because I rely on his independence," he said at a party gathering last Sunday.

Mr. Stollmann acknowledged that he has already run afoul of traditionalists. "The people who don't like these ideas are playing the old-fashioned political game," he said.

"They are trying to spread distrust between me and the Social Democratic Party members, and I need their trust."

## BRIEFLY

### 2 Make Confessions In German Trial

**FRANKFURT** — The trial of five men for a 1992 arson attack on a refugee home in Eastern Germany neared an end Friday following the surprise confession of two defendants.

Marco Schmidt, 25, admitted he had helped put together a Molotov cocktail, and his stepfather, Hans-Juergen Schmidt, 49, admitted he knew what his stepson was doing but did nothing about it. He also said he told those carrying out the arson where to find the house in Dolgenbrodt, a lakeside resort village southeast of Berlin.

The two had previously denied any role in the fire, on Nov. 1, 1992, which destroyed the newly constructed refugee home the night before 86 Africans were to move in. (AP)

### Yeltsin Supports Nuclear Arsenal

**MOSCOW** — President Boris Yeltsin said Friday that Russia's nuclear arsenal was the backbone of national security and supported a series of measures aimed at maintaining and developing it, the Kremlin spokesman said. Sergei Yastzhenbysky told reporters Mr. Yeltsin had also confirmed that Russia's strategic nuclear forces were safe and under full control. "The president stressed that nuclear deterrence remains a basic element of Russia's national security," Mr. Yastzhenbysky said. (Reuters)

### Pope Will Beatify Croatian Cardinal

**VATICAN CITY** — The Vatican declared Croatia's World War II cardinal a martyr for the faith, paving the way for his beatification during a visit by Pope John Paul II in October.

The Pope signed the decree Friday for Cardinal Alojzije Stepinac, who was a hero to Catholic Croats for his resistance to communism but was accused by Serbs of sympathizing with the Nazis. After the war, Yugoslavia's Communist government sentenced him for collaboration. He died while under house arrest in 1962. (AP)

### For the Record

Alexander Wingfield, a bodyguard to Diana who tried to lure journalists away just before she was killed in a Paris road crash, testified on Friday before French magistrates. (Reuters)

## TRAVEL UPDATE

### Computers Keep Balking At Kuala Lumpur Airport

**KUALA LUMPUR** (Reuters) — Volunteers sorted baggage by hand Friday at Malaysia's high-tech, \$2.25 billion new airport, as computers failed for the fourth day in a row. Airlines suffered more flight delays because of the computer trouble at Kuala Lumpur International Airport, passengers said.

although officials said there were fewer delays Friday.

Baggage retrieval remained the biggest headache, with many pieces of luggage reported missing, officials said. Check-in details were being taken down by hand.

### U.S. Orders 737 Checks

**WASHINGTON** (Reuters) — The Federal Aviation Administration on Thursday ordered U.S. airlines flying the newest Boeing 737 aircraft to check immediately for a problem that shut down two engines over Europe.

The urgent airworthiness directive to inspect engine gearboxes for a faulty shaft affects 23 U.S.-registered Boeing 737-700s and 737-800s.

The aviation agency said there had been two in-flight engine shutdowns on June 26, involving a Transavia Airlines plane in Russia and a Braathens Airlines flight in Norway.

There were no injuries in either incident, and the twin-engine 737 is designed to be able to fly on one engine. Although the engine-maker, CFM International, had previously advised airlines of the problem with the gear box in service bulletins, the agency decided to order swift action after the two European incidents.

Archaeologists will replace the marble busts of Delos, one of the holiest sites of ancient Greece, with copies to prevent the 2,600-year-old statues on the small Aegean island from suffering further damage from the elements. The seven statues will be moved to a museum on the island, government archaeologists said. (AP)

## U.K.'s Bass Recalls Contaminated Beer

**LONDON** — Bass Brewers on Friday recalled millions of cans and bottles of beer contaminated with chemical coolant following a fault at one of its plants.

The news sent supermarkets scrambling to clear shelves and check stocks while shares in the company fell to 1.135 pence in London from 1.147 pence Thursday.

Most dealers agreed the long-term

impact on the stock of what one described as a "glitch" would be limited.

Bass Brewers said it had recalled around half its weekly production of 17 million cans as a precautionary measure after some of the drinks became contaminated with the coolant, mono-propylene-glycol.

Only a small number are expected to be affected by the coolant, which gives the beer or larger an unpleasant taste.

## WEATHER

| Europe    |        |       |     | Forecast for Sunday through Tuesday, as provided by AccuWeather. |       |      |     | Asia |     |       |     |          |     |
|-----------|--------|-------|-----|--|-------|------|-----|------|-----|-------|-----|----------|-----|
|           |        | Today |     | Tomorrow   |       |      |     |      |     | Today |     | Tomorrow |     |
|           |        | High  | Low | High   | Low   | High | Low | High | Low | High  | Low | High     | Low |
|           |        | °C    | °F  | °C   | °F    | °C   | °F  | °C   | °F  | °C    | °F  | °C       | °F  |
| Algiers   | 20/22  | 17/21 | e   | 21/20  | 19/21 | e    |     |      |     |       |     |          |     |
| Amsterdam | 18/24  | 14/27 | e   | 20/21  | 14/27 | e    |     |      |     |       |     |          |     |
| Ankara    | 20/27  | 19/26 | e   | 20/21  | 14/27 | e    |     |      |     |       |     |          |     |
| Athens    | 41/105 | 20/25 | e   | 21/20  | 23/27 | e    |     |      |     |       |     |          |     |
| Batavia   | 20/25  | 18/21 | e   | 20/21  | 21/27 | e    |     |      |     |       |     |          |     |
| Batavia   | 20/27  | 14/27 | e   | 20/21  | 17/22 | e    |     |      |     |       |     |          |     |
| Beilin    | 17/22  | 14/27 | e   | 22/21  | 19/21 | e    |     |      |     |       |     |          |     |
| Bombay    | 19/28  | 15/20 | e   | 22/23  | 18/21 | e    |     |      |     |       |     |          |     |
| Bucharest | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Buynok    | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Buynok    | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |
| Calcutta  | 20/27  | 19/21 | e   | 20/21  | 19/24 | e    |     |      |     |       |     |          |     |



# Arnett Just a Talking Head in CNN Fiasco

By Howard Kurtz  
Washington Post Service

WASHINGTON — The familiar face that viewers saw describing CNN's nerve gas story belonged to Peter Arnett, the Pulitzer Prize-winning correspondent who has reported in war zones from Vietnam to Iraq.

But Mr. Arnett, who was given a stern reprimand for his role in the report, did not interview most of the sources for the broadcast or write the words that would stir a nationwide controversy. As is common on many network magazine shows, he was the front man for conclusions compiled by unseen minions.

"He almost wasn't involved in the

reporting and the research," said a CNN executive who asked not to be named. "It was mainly a case of him being flown in to read a script. He basically did what he was told to do."

CNN/USA's president, Rick Kaplan, said: "Peter Arnett's role was not the same as April Oliver," the main producer on the story. "He relied a great deal on the briefing book he was shown."

Floyd Abrams, the attorney who investigated the matter for CNN, did not even bother to interview Mr. Arnett.

Why, then, was he reprimanded? The CNN News Group chairman, Tom Johnson, wanted to send a mes-

sage that correspondents are responsible for what they read, the network executive said.

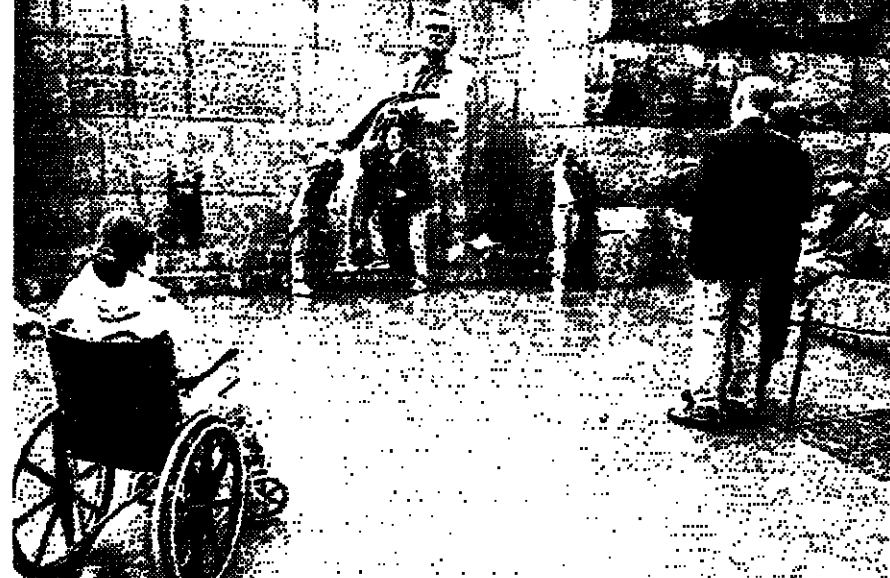
The network dismissed Ms. Oliver and a second producer of the report, Jack Smith. Pamela Hill, senior executive producer of the program "NewsStand: CNN & Time," resigned, saying she supported the retraction and now believed that "we were wrong to air the report."

Mr. Johnson issued the retraction based on the findings of a report by Mr. Abrams, who concluded that the broadcast was "not fair" because the journalists "ignored or minimized" information that conflicted with their "deeply held beliefs" that nerve gas was used. Mr. Abrams described the

story as "a bad mistake," adding: "There was not sufficient attention paid to the sources who said 'no.'"

The episode underscores the extent to which television, as a collaborative enterprise, is only as strong as its weakest link. And it shows the temptations facing a new magazine show to separate itself from the crowd with a sensational report. But it also illustrates how determined journalists pursuing a sensitive story can, despite conflicting evidence, convince their bosses that they have the goods.

CNN's retraction of its June 7 report follows a stunning series of media blunders. The Boston Globe newspaper and the New Republic magazine have each apologized for outright fabrications by a member of their staffs. And the Cincinnati Enquirer newspaper has retracted an article about Chiquita Brands and agreed to pay the company more than \$10 million after accusing its reporter of stealing Chiquita's voice-mail messages.



Tourists posing for photos the Washington memorial to Franklin D. Roosevelt.

## FDR Memorial to Add Room With Wheelchair

WASHINGTON — The year-old Franklin Delano Roosevelt Memorial will be expanded to include a fifth outdoor room, which will contain a life-size statue of the former president sitting in a wheelchair. Vice President Al Gore has announced.

Advocacy groups for disabled people were incensed by the absence at the memorial of any portrayals of Roosevelt in his wheelchair, which he used after polio paralyzed him at age 39.

The addition will fulfill a promise made by the White House to defuse demonstrations before the memorial was opened last year.

Mr. Gore, during a ceremony at the memorial, said: "It used to be an afterthought to the life and legacy of the president that he used a wheelchair. But it was through his disease that FDR came to understand, truly understand, what it is to struggle."

The bronze sculpture, costing an estimated \$1.5 million, will be created by the California artist Robert Graham and will be paid for by private funds raised over the next two years.

The FDR Memorial consists of a series of outdoor granite rooms representing the four terms of Roosevelt's presidency — from 1933 until his death in 1945. The memorial cost \$48 million and took decades to move from concept to completion. It has become one of the most popular tourist destinations in Washington, attracting more than 3 million visitors during its first year.

Last July, President Bill Clinton signed a congressional joint resolution authorizing

the additional sculpture, a step that was supported by a majority of Roosevelt's grandchildren.

Critics of the proposal to depict Roosevelt in a wheelchair said the president took extreme measures to hide his disability from the American public. (WP)

## Gibe at Limbaugh Draws Little Response

WASHINGTON — CNN's Wolf Blitzer recently quoted Newt Gingrich, speaker of the House, as saying: "We have a spectacle in Washington of the president frankly as defendant-in-chief."

President Bill Clinton's counsel, Paul Begala, fired back: "Getting lectures from Newt Gingrich on ethics is like getting lectures on obesity from Rush Limbaugh."

One would have expected Mr. Begala to be deluged with calls from Mr. Limbaugh's talk show fans, coming to the defense of their hero. So Mr. Begala's office was called to get a count.

"One guy called twice," a Begala aide reported. "That's it."

(Al Kamen, Washington Post)

## Quote/Unquote

The Reverend Jesse Jackson, urging blacks and Hispanics to work together instead of seeing each other as rivals for jobs and political clout: "The great challenge for America is for blacks and browns and whites to see each other as assets and not threats. We must not be forced to compete for scarcity at a time of surplus." (AP)

## Republicans Lose China Issue

Success of Clinton's Tour, Party Heads Say, Weakens Critics

By Richard L. Berke  
New York Times Service

WASHINGTON — Even before President Bill Clinton's return from China, many prominent Republicans concede the trip has been such a political success that it could deprive their party of what might have been a potent election-year issue.

In a series of interviews, Republicans said they still have serious questions about the wisdom of Mr. Clinton's policy approaches toward Beijing. But as a political matter, there seems to be a consensus among Republicans that, at least for now, President Clinton has overcome fears among Democrats that the trip would expose the president to damaging attacks on issues like human rights, exporting satellite technology to China and campaign finance irregularities involving Chinese contributions.

"I think it was a huge success," said Jack Kemp, the 1996 Republican vice presidential nominee, who faults the president for seeming to side with China against Japan.

"That presents a problem to those Republicans or conservatives who want to make it an issue. I can't imagine that there's any great political benefit to be derived, because the president handled himself very well."

James Lilley, who was ambassador to China during the Bush administration, put it this way: "Clinton got control of the agenda. He ran

it like a campaign. And he made it into a political success story."

Though he thought the president has "swept under the rug" the issue of Chinese military modernization, Mr. Lilley said he has advised Republican congressional leaders to hold their fire and rethink how to handle China as a political issue.

"I've counseled them to pull back on this one. Don't hit Clinton at his high point, or it's going to sound like sour grapes."

Weeks ago, the House speaker, Newt Gingrich, called on Mr. Clinton to postpone the trip until the Justice Department determined whether two U.S. companies gave sensitive missile information to Beijing in 1996.

But speaking to reporters in San Antonio on Wednesday, where he was attending a Republican fund raising event, he praised Mr. Clinton. "I think the president did a pretty good job talking on Chinese radio and TV," Mr. Gingrich remarked. "It's less expensive to be friends than to be enemies."

Rich Galen, a phrase-maker for Mr. Gingrich, said, "They set the bar so low for success that the arrival ceremony looked like a limbo dance — and he did better than expectations. You have to say this has been a successful trip for the president."

The governor of Colorado, Roy Romo, who is chairman of the Democratic National Committee, said of the Republicans: "I think

they've lost it as an issue. People understand that one-quarter of the world's population is sitting in the middle of that Asian economy. We've got to know them better, and they've got to be partners of ours."

One explanation for Mr. Gingrich's praise is that he has been trying to repair relations with corporate executives who have soured on giving money to Republicans and who have championed intensified trade with China.

The positive notices from Mr. Clinton's trip have already affected Republican legislative strategy. The Senate was expected to vote next week on a package of amendments sponsored by Senator Tim Hutchinson, Republican of Arkansas, that would, among other things, deny travel visas to Chinese officials involved in forced-abortion policies and prohibit new U.S.-backed international loans to China.

But on Thursday, Senate officials said the vote had been put off by at least a week, partly out of concern that the amendments might not win a positive reception in the aftermath of the summit.

Many Republicans and Democrats as well do not expect the relative silence on Mr. Clinton and China to last. Several Republicans said that would depend in part on what polls showed about public reaction to the trip.

Some Republicans may be more willing to speak out against Mr. Clinton after his return home.

## Away From Politics

• The death rate for U.S. children between four weeks and one year old declined 30 percent from 1980 to 1994. The Centers for Disease Control and Prevention attributed much of the drop to increased awareness of Sudden Infant Death Syndrome, the leading cause of death among children in that age group. (AP)

• Fifty-eight more victims of bacteria-tainted oysters from Galveston Bay have been identified, bringing the total to 245 cases since June 1, a spokesman for the Texas Department of Health said. (AP)

• Identical twins were sentenced in Santa Monica, California, to long prison terms after being convicted of rapes they committed and videotaped after giving women Rohypnol, the so-called date-rape drug. George Spitzer, 41, was sentenced to 30 years in prison, while his brother, Stefan, received a term of 37 years and two months. (Reuters)

• The defense has rested its case in the trial of Mikhail Markhashev, who is accused of killing Ennis Cosby, son of the actor Bill Cosby. The defendant's mother testified that her son was helping her move at the time of the killing, but prosecutors in Santa Monica, California, showed that Viktoriya Markhashev had initially told the police that her son went out at 8 P.M. on Jan. 15 and did not return until the next day. (AP)

## Order to Cover Viagra Under Medicaid Angers States

By Amy Goldstein  
Washington Post Service

WASHINGTON — The federal government has ordered the states to cover Viagra under their Medicaid programs, infuriating many of the nation's governors, who accused U.S. health officials of costing them millions of dollars and ignoring their worries about the male impotence drug.

The unexpected directive, sent in a letter from the Department of Health and Human Services, told states that federal law requires them to pay for the expensive, enormously popular drug through Medicaid, the insurance program for the poor and disabled. Any state Medicaid program that covers prescrip-

tion medicines, the letter said, must also pay for Viagra.

But states countered that, in issuing its order, the federal government was putting them in the untenable position of covering Viagra for men while virtually none of them cover birth control or infertility treatments for women. And they said federal officials had rushed to condone Viagra just as warnings were beginning to surface that the drug's huge popularity may be causing deaths of some men.

Some state officials said they also feared that if the government insurance program paid for Viagra, it could have the unintended effect of creating a black market for the pills.

"What we know about some of the real danger signs of Viagra really raise serious

concerns," said Elaine Ryan, government affairs director for the American Public Welfare Association. To take the step now, without the consultation of the states that would have to bear the burden, was unacceptable, she said.

Based on a survey by the association of several states, she predicted that Viagra would add \$100 million to \$200 million nationwide to states' Medicaid expenses. At a time when states are working to extend health insurance to more children and elderly and disabled people, they "can't sustain this kind of cost," she said.

Medicaid, the public health insurance program for 36 million poor and disabled Americans, is a shared responsibility of the federal government and states. Nearly 4 million men are in the program.

The federal government pays slightly more than half the bills and decides which

basic kind of benefits should be covered. But states are free to decide whether to pay for many additional services, including prescription drugs. In practice, however, every state has chosen to provide coverage for prescriptions.

At least a dozen states had chosen to cover the Viagra, which has the potential not only to overcome impotence but also to improve healthy men's sexual performance. An equal number of states had decided not to cover Viagra, while others were awaiting instructions from the federal government.

Officials of several states asserted that the Department of Health and Human Services had promised to meet with state officials before settling the matter. "That never happened," said Jennifer Baxendale, the National Governors' Association's director of health legislation. She said the group was seeking to persuade mem-

bers of Congress to consider overturning the decision.

The directive said that under a 1990 law, states must "with a few limited exceptions" include in their prescription drug coverage any medication that has been approved by the Food and Drug Administration.

It said Viagra did not fall within any of the exceptions, which include diet pills, smoking-cessation products and fertility treatments.

## Hotel Al Bustan

Lebanon's Leading Hotel

Tel (961) 425 258/9  
(961) 425 258/172  
Fax: (961) 425 439  
\*\*\*\*\*



CLINIQUE  
LA PRAIRIE  
Beauty treatments

## PALACE HOTEL GSTAAD SWITZERLAND

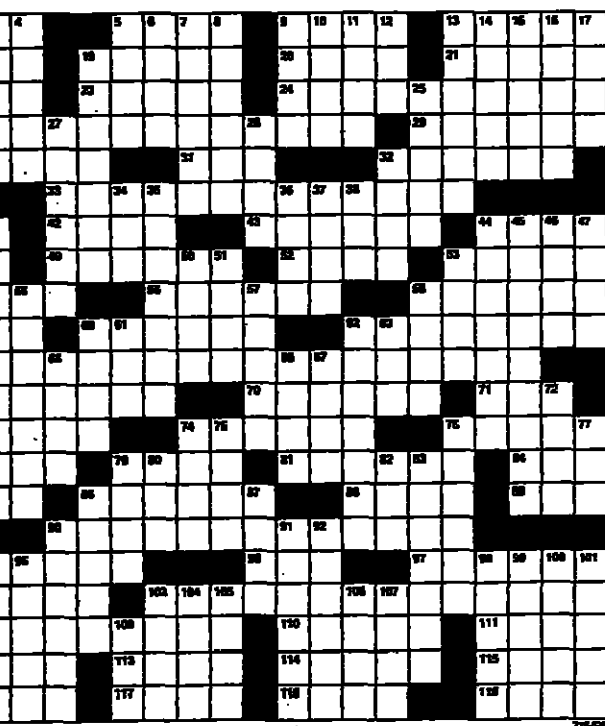
Phone +41 33 748 50 00  
Telefax +41 33 748 50 01  
Internet: http://www.palace.ch  
E-mail: palace@gstaad.ch

"The Leading Hotels of the World"

## DROP IT! By Joe DiPietro

- ACROSS
- Spot on a cliff
  - Pound (down)
  - First baseball player to make \$1 million a year
  - Big splash
  - Therapist
  - Ragini's novelist
  - Girl in a hit
  - Novelty Brothers' hit
  - Part of a meter
  - Ruth's
  - Mothers-in-law
  - Turning points
  - Critic Judith
  - Genius?
  - Belge shirt with
  - thick pants?
  - "Butworth" star
  - "Yo"
  - Grp. in peace
  - Person of high position
  - A new twist?
  - Toshie
  - "The Last Time I Saw Paris"
  - Wagner heroine
  - Twist
  - Solely
  - Job for a
  - Part of a plane
  - Part of a
  - Brahma and Vishnu
  - Rather soft
  - Like many a
  - Not just given
  - Farm sound
  - Calmer
  - Killer
  - communicates with the deaf?
  - Headline trumping a new wedding veil?
  - Hairdo for the
  - Phantom Lady
  - Par East carrier, for short
  - Black Sea locale

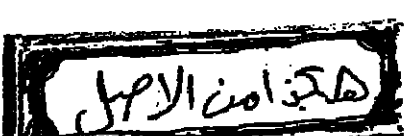
- DOWN
- Bohemian, e.g.
  - "Good Times" star, in 70's TV
  - Cal
  - Needing a pat on the back, say
  - Gang's domain
  - were
  - Like a golf ball in the rough
  - Car of 1982-1975
  - European capital
  - Fabrication
  - Home of the Cyclones



© New York Times/Edited by Will Shortz

Solution to Puzzle of June 27-28

- ACROSS
- Make some fast food
  - 1983 A.P.C.
  - Rockie of the Year
  - Starling point
  - Libac, e.g.
  - Tour grp.
  - Sir
  - Orvis, once
  - Kind of sale
  - Sauce ingredient
  - Ready to come out of the oven
  - Ending of many Web site names
  - One who stays up late
  - Leftover
  - "Woman of Today"
  - 100 it happens
  - 101 Aggressive
  - 102 Workers in columns
  - 103 Battery
  - 104 Tips
  - 105 A bell ringer
  - 107 Wherry equipment
  - 108 Runner
  - 109 Sebastian





## Senators Seek Sanctions Flexibility

Some Fear That Enfeebled Pakistan Might Sell Nuclear Technology

By Thomas W. Lippman  
Washington Post Service

WASHINGTON — Negotiations are under way among key members of the Senate on a measure that would soften the impact of mandatory economic sanctions that the United States imposed on India and Pakistan after they tested nuclear weapons in May.

Under current law, the sanctions were mandatory and automatic, with no provisions for a presidential waiver or termination, because Congress assumed they would deter potential nuclear test-takers and never have to be invoked.

But now that the tests have occurred and the sanctions are in place, some senators and officials of the Clinton administration fear that their inflexibility ties the administration's hands diplomatically and, in the case of eco-

nomically feeble Pakistan, could provide an incentive to sell nuclear technology and materials to raise money.

"We not only believe but know that in its policy on transferring material to other countries, Pakistan has been very restrained," Deputy Secretary of State Strobe Talbott said at a meeting Wednesday sponsored by the Union of Concerned Scientists. "They have told us in recent days this restraint will continue."

But, he added, it is essential to head off further bomb and missile tests in South Asia because "vertical" proliferation — enhancement of nuclear weapons capabilities within a country — would be followed by "horizontal" proliferation, to other countries.

Senator Sam Brownback, Republican of Kansas and chairman of the Senate Foreign Relations subcommittee on the Near East and South Asia, and Senator

Charles Robb, Democrat of Virginia, the ranking minority member, returned from a trip to South Asia this past week convinced that the sanctions law must be modified.

The sanctions, which in combination with other moves by the United States and its allies have virtually shut off access to international financing for India and Pakistan, "hurt Pakistan much more than India, and Pakistan is much less culpable" because India tested first, Mr. Brownback said.

He said Pakistan "wants to be a strong ally of the United States and we're pushing them away. We've got to provide the president with some waiver authority."

Mr. Robb is more sympathetic to India, Democratic staff aides said, but generally shares Mr. Brownback's view that some modification of the sanctions would increase U.S. diplomatic flexibility in trying to persuade the South Asian rivals not to escalate further.

"The trick is to find a face-saving way out that makes the sanctions short-term but doesn't make it look like you've caved in" on nuclear proliferation, a staff member said.

Senator Slade Gorton, Republican of Washington, said on a radio show June 2 that he and Senator Pat Roberts, Republican of Kansas, "will do everything we can at an early time in the Senate to end the India and Pakistan embargoes."

Other senators also are looking for legislative vehicles, probably spending bills, to which they can add modifications of the sanctions, staff aides said.

"We have a pretty good head of steam" in support of modification, Mr. Brownback said. But he also said he returned from the region fearful that both countries are preparing for a new round of flight tests of their ballistic missiles, a development he said could shut off momentum in Congress in favor of modifying the sanctions.

### Russia and China 'Concerned'

Russia and China said Friday they were concerned about threats to security in South Asia after recent nuclear tests conducted by India and Pakistan, Reuters reported from Almaty, Kazakhstan. Russia's foreign minister, Yevgeny Primakov, and China's president, Jiang Zemin, met at a regional security conference in Almaty, also attended by the former Soviet states of Kazakhstan, Tajikistan and Kyrgyzstan.

The five nations signed agreements in 1996 and 1997 on reducing their armed forces along the border between China and the former Soviet states. Mr. Primakov said the pact was "especially important in today's conditions, when nuclear tests in India and Pakistan have taken place."

Mr. Jiang said that China expresses "deep concern over tensions in the adjoining South Asian region."



REPATRIATION — UN guards carrying a coffin toward North Korean soldiers Friday in Panmunjom during the handover of the bodies of nine North Koreans found dead on a submarine.

## A Prediction: 40 Million Ill From AIDS By Year 2000

Reuters

GENEVA — The 12th World AIDS Conference ended here Friday with a call to arms to step up the battle against the disease.

Speakers warned that the war was far from over against the disease that will have afflicted 40 million people by the year 2000.

As a counter added up the number of people infected with the HIV virus around the world — one every five seconds, 16,000 a day and about 100,000 since the conference began Sunday — speakers at the closing session highlighted the inequities in treatment and care between rich and poor.

"Millions of children and adults are becoming infected, falling ill and dying without the barest essentials in medical treatment, counseling or social support," Secretary-General Kofi Annan of the United Nations said in a video address to the closing session.

### Grave Doubt on a Vaccine

David Brown of The Washington Post reported earlier from Geneva:

Research results presented here on Friday cast grave doubt on the safety of a proposed experiment to use a weakened, but live, strain of the AIDS virus as a vaccine.

No such vaccine has been administered to human beings, but 300 people — most of them physicians — said they were willing to take one should such a "study protocol" be approved by the appropriate authorities.

The results of experiments in monkeys, presented at the World AIDS Conference, suggest that even weakened strains of virus eventually cause illness while offering only moderate protection against infection.

"I don't know how we can be considering a vaccine that is not only not safe but is not effective," said Dr. Ruth Rupprecht, a physician and AIDS researcher at the Dana Farber Cancer Institute in Boston.

In addition to monkey research data, information about a small number of Australians infected with damaged and severely weakened strains of the human immunodeficiency virus also cast doubt on a weakened virus vaccine.

A safe and effective vaccine remains the single most important scientific goal in AIDS research, for it offers the only realistic strategy for stopping the epidemic. Numerous HIV vaccines are in various stages of human research.

The first large trial testing the effectiveness of a vaccine began recruiting volunteers last month in five cities.

All of the vaccines being studied in humans contain only pieces of HIV usually fragments of its molecular shell or structures attached to it. The majority of modern medicine's vaccines are "live attenuated" vaccines.

A live attenuated vaccine contains a genetically crippled version of a virus. It is unable to cause disease, but it can still grow and cause a "silent" infection. That, in turn, stimulates the body to fight it and erect immune defenses preventing infection by the "wild" type of the virus, should a person encounter it.

With virtually all the live virus vaccines in use, the body cures the infection and the microbe is eliminated. HIV is different. It causes permanent infection, stitching itself into the DNA of billions of the host's cells. For that reason alone, many scientists reject a live attenuated HIV vaccine out of hand.

## Retired Russian General Killed

Wife of Rokhlin, Harsh Critic of Yeltsin, Reported to Confess

Reuters

MOSCOW — A retired general, Lev Rokhlin, a member of Parliament and an outspoken critic of President Boris Yeltsin, was found dead Friday, and his wife said she killed him, the Russian Interior Ministry announced.

"She admitted she killed General Lev Rokhlin by one shot in the head around 4 A.M. Friday from his own Makarov-system pistol," a ministry spokesman said.

The Federal Security Service, one of the successor bodies to the Soviet-era KGB, said earlier that it had no reason to suspect political motives in the killing.

"There are no signs of any terrorist act," said a spokesman for the security service. "There are no political reasons for the death."

A duty police officer in the town of Naro-Fominsk, near Moscow, said the general's body was found at his country home in the morning by policemen who had been summoned by a neighbor.

"There are only versions of the killing, all of them have to be thoroughly studied and proved," he said, adding that General Rokhlin's son-in-

law had been the first to say the general's wife shot him. He could not confirm that the gun used was General Rokhlin's and said the investigation would continue.

General Rokhlin, 51, won prominence in 1995 commanding the troops that stormed Grozny, capital of breakaway Chechnya, during Moscow's bloody attempt to subdue the region.

The gruff general later won a seat in the Russian State Duma, the lower house of Parliament, where he represented the pro-government Our Home is Russia party. He also became chairman of the Duma's Defense Committee.

In protest over President Yeltsin's planned military reforms, saying they would destroy Russia's once mighty but now underfunded and demoralized armed forces.

He also urged servicemen to disobey the Kremlin's orders.

General Rokhlin lost his post as head of the Defense Committee, and he set up his own political movement, called in Support of the Army and the Military Industry.

## Herald Tribune

THE WORLD'S DAILY NEWSPAPER

joins

The American Club of Brussels



in thanking all those involved in today's Independence Day Celebration '98

Ameritech

BELGACOM

Bulletin

Generale Bank

Sheraton Brussels Hotel & Towers

ALLIED ARTHUR PIERRE

UNITED AIRLINES

FORT JAMES

CHRYSLER

BANK OF AMERICA

INTERDEAN

BEAGLE

CityBird Airlines

Procter & Gamble

Citibank NA

With the Participation of:  
Toyota - 3M - Sheraton Brussels Airport Hotel - Time Warner - Ogilvy & Mather - Imprimerie Robert Louis - UGC - Conrad Hotel - Ted's Place - Play It Again Sam - Boech - Rick's Café - Philips - VF Europe - Chi Chi's - L'Auberge de Boendale - Europa Intercontinental Hotel Brussels - Corné Food - Coca-Cola - Kodak - American Fitness Center - Black & Decker - N.O.W. - Swift - Hotel Meridien - Helsen Beverages - Capri Ice Creams - Contours - Christian De Leener - Znaqa Vodka - Wall Street Journal Europe - Yankee Treasures - Sterling Books - Buena Vista Home Entertainment - CPM Belgium - Mig's Wine Pouch - ACE Balloons - Manège St Martin - The American Women's Club of Brussels - Rendez-vous - Internationals in Belgium - Doms Cuisine - Ron Parham's Ribs - CEPN brva - Arjay Telecom - EurAmerican Passport - Sea-Land Services, Inc. - Groupe d'Etude et de Recherche sur l'Histoire de l'Amérique du Nord

4th July 1998 Celebration  
Bois de la Cambre - Brussels

http://www.xpats.com/acb

## Algeria Agrees to Admit UN Fact Finders on Killings

By Barbara Crossette  
New York Times Service

UNITED NATIONS, New York — Algeria, which has for months resisted outside efforts to investigate the violence that has killed tens of thousands of citizens since 1992, has agreed to admit a high-level international political mission.

The mission, which the United Nations describes as "a panel of eminent persons," is expected to leave soon for a fact-finding trip, after which it is to report to Secretary-General Kofi Annan on a series of massacres, some of which human-rights groups attribute to Islamic extremists and some to military death squads.

The team will be led by Mario Soares, a

former president of Portugal. He will be accompanied by Donald McHenry, a former U.S. representative at the United Nations; Inder Kumar Gujral, former prime minister of India; Abdel Karim Kabariti, former prime minister of Jordan; Simone Veil, a former French cabinet minister; and Amos Wako, attorney general of Kenya.

The officials will be buttressed by a contingent of UN technical experts.

Algeria has suffered six years of violence and massacres of civilians since an election in 1992 was canceled when Islamic radicals pulled into the lead in what was to have been a two-stage vote.

Requests by Mary Robinson, the UN high commissioner for human rights, to investigate

the abuses have been rebuffed by the Algerians. So have efforts by the European Union. This time, however, the government has promised to cooperate with the new team.

The Group of Eight industrial nations urged Algeria last month to allow a UN mission to study the violence. On Thursday the secretary-general's spokesman announced that Algeria had agreed without conditions.

"The government of Algeria has assured the secretary-general that it will insure free and complete access to all sources of information necessary for the panel to exercise its functions in order to have a clear vision and a precise perception of the reality of the situation in all its dimensions in Algeria today," the announcement said.

## In Budapest Blast, Fear of Gang War

Reuters

BUDAPEST — The Hungarian police said Friday that they were trying to head off all-out warfare between criminal gangs after a car bomb in the heart of Budapest killed a police informer and three bystanders.

The chief of police, Attila Berta, appearing on state television, said he had deployed more than 350 officers in Budapest full-time to clamp down on gang violence.

The bomb, which killed a restaurateur, Tamas Boros, who acted as a police tipster, and three others, occurred shortly before noon off the Vaci Street shopping district.

The police were searching for a man in his 30s with curly hair and dark skin who was observed leaving the area later in a white Ford Escort.

A bomb containing an estimated 20 sticks of dynamite, set off by remote control, demolished the Fiat car in which it was concealed, wrecked three other cars and smashed

shop windows. The police said that 25 people were injured by the explosion and that 5 of them were foreigners. Two victims who had been listed in critical condition were recovering, hospital officials said.

Budapest ordered that black flags be flown in tribute to the victims and as a form of protest against the worst bombing in a wave of more than 150 in the last 18 months.

Most of the earlier bombings damaged property but caused no deaths.

The chief of police said Mr. Boros, who owned restaurants and nightclubs in Budapest and the resort area of Lake Balaton, had provided valuable information in a fraud involving thefts of petroleum.

He said that there had been four attempts on Mr. Boros's life and that a police guard had been posted at his house.

But the businessman refused to have police guards accompany him during the day, Chief Berta said.

## BRIEFLY

### Former Suharto Friend Questioned in Jakarta

JAKARTA — Prosecutors on Friday questioned one of Indonesia's richest men and a former presidential golfing buddy — in an inquiry into allegations of corruption under former President Suharto.

Officials from the Indonesian attorney general's office said Friday that they interviewed a former trade and industry minister, Mohammed (Bob) Hasan, over the collection of fees from members of a billion-dollar plywood cartel he dominated until this year.

Indonesia is the world's largest plywood producer, churning out 10 million cubic meters annually.

The cartel has been dismantled as part of a \$43 billion bailout deal from the International Monetary Fund that calls for sweeping reforms.

A spokesman for the attorney general's office said that Mr. Hasan had promised to provide more information. (AP)

### Manila Protesters Ask U.S. Aid on Toxic Waste

MANILA — About 120 protesters rallied Friday at the U.S. Embassy to urge Washington to help the Philippines clean up toxic waste allegedly left behind by American troops when the last U.S. military base in the country was closed in 1992.

The demonstration came a day ahead of July 4, the U.S. Independence Day, which is also the day the Philippines gained independence from the United States in 1946.

"The U.S. undermines irrefutable evidence of toxic contamination by refusing to recognize it," the People's Task Force for Bases Cleanup said in a statement. "We seem to have a forgetful friend."

More than 100 people from villages just outside the former Clark Air Base came by bus to Manila and marched to the U.S. embassy under heavy police supervision.

Groups that opposed the bases have accused the Americans of not properly cleaning up before they left. (AP)

### 2 Deaths Are Reported In Tokyo Heat Wave

TOKYO — Temperatures soared over 38 degrees centigrade (100 degrees Fahrenheit) on Friday as a heat wave hit Japan, reportedly causing two deaths and putting 60 people in the hospital.

The national broadcaster NHK said a 58-year-old man died in the city of Noda in Chiba prefecture north of Tokyo after being overcome by heat while walking in a public park. A 90-year-old woman was found by neighbors after she collapsed in a rice field in the town of Yoshimi in Saitama prefecture outside the capital. She was taken to a hospital where she was pronounced dead, NHK said.

The police in the two cities could not confirm the deaths.

Across Japan, more than 60 people were taken to hospitals suffering with symptoms of heat exhaustion, Kyodo News agency reported. (AP)

### Tanker Captain Pleads Guilty in Oil-Spill Case

SINGAPORE — The Greek captain of a tanker involved in Singapore's worst oil spill pleaded guilty Friday to charges of not taking timely action to avoid a collision and failing to keep a proper lookout.

The plea by the skipper, Michael Chalkitis, followed an admission of guilt on Monday by Jan Sokolowski, the Polish captain of the Thai super-tanker Oceanic Global, to charges of negligent navigation and speeding.

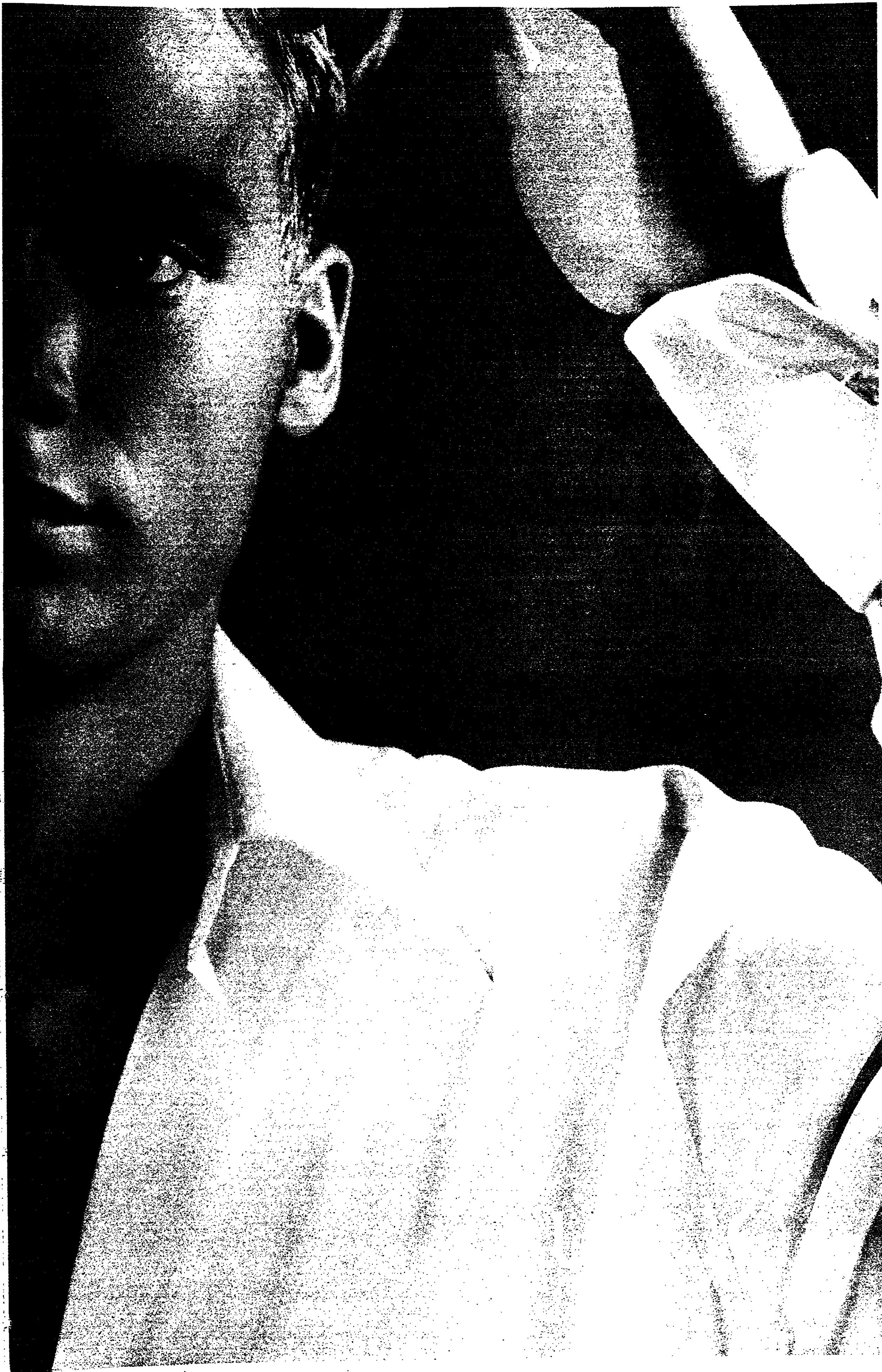
Both guilty pleas were a surprise and cut short what had been expected to be a long and complicated trial for which the court had set aside five weeks.

The Orapiin Global and the Cyprus-flagged oil tanker Evolcos collided near Singapore on Oct. 15, spewing nearly 29,000 tons of heavy marine fuel oil into the Singapore Straits from a huge gash in the side of the Evolcos. (Reuters)

الطبعة العربية



dition  
million  
AIDS  
ar 200



هنا امن الامل



## EDITORIALS/OPINION

## Herald Tribune

## Let Milosevic Know

Events are challenging the American effort to promote a negotiated settlement in seething Kosovo. As earlier in the Balkan wars of the 1990s, the chief difficulty lies in determining an attitude to the Serbs and specifically to Slobodan Milosevic, president of rump Yugoslavia, which includes Serbia, of which Kosovo is part. Mr. Milosevic's depredations and deceptions have made him a detested figure to the United States and its European allies. But he has shrewdly looked for ways to reduce his isolation by making himself useful to the allied powers.

In Kosovo, for instance, Mr. Milosevic was at first the plain villain: his outrages against civilians fueled Western talk of direct NATO action. But that was before Western apprehensions started to grow about the Kosovo Liberation Front, a separatist-minded guerrilla group that has been gaining military ground against the Milosevic forces and political ground against pacifist Ibrahim Rugova, earlier the West's chosen ethnic Albanian Kosovo interlocutor. Mr. Milosevic has since sought to adjust to the American reach for a Kosovo negotiation and to lower his military profile in the province.

As a result, in official American eyes the threat posed by President Mi-

losevic has diminished against the threat posed by the Kosovo Liberation Front. The Front not only presses the war in Kosovo but reaches out provocatively to inflammable Albanian populations beyond.

The American response is to call for restraint from Kosovo's armed rebels as well as from the Milosevic forces, and to offer the guerrillas a place at the negotiating table. This puts the United States in the uncomfortable position of squeezing the moderates among Kosovo's Albanians and raising the status of a group, the Liberation Front, that the State Department not long ago dismissed as a "terrorist organization." Washington's hope is to tame the rebel military campaign—the very goal of Mr. Milosevic.

At the moment the NATO countries have backed away from threats of NATO intervention to protect Kosovar civilians from Mr. Milosevic. But his attacks continue. He should not be allowed to conclude that the alliance's care for innocents is at an end.

The parties to the Kosovo dispute start from widely divergent positions: Negotiations will be slow going. But those talks must be pressed—to save lives and to head off a regional war.

—THE WASHINGTON POST.

## CNN Teaches Caution

The prelaunch publicity for a new Time-CNN collaboration called "NewsStand" made its first piece sound like the daring international scoop of every journalist's dreams. But Thursday, less than a month after CNN and Time jointly charged that America secretly used nerve gas on a mission designed to kill defectors during the Vietnam War, they took it back.

In a 54-page analysis of the reporting for the two news organizations, the First Amendment lawyer Floyd Abrams concluded that the charge was "insupportable." CNN, Time, and their parent company, Time Warner, released the devastating Abrams report and began trying to explain, in a very public way, what went wrong.

This was a story that was pushed far beyond its limits. Hazy quotes from an 86-year-old former chairman of the Joint Chiefs of Staff, Admiral Thomas Moorer, that did not support the piece; barracks gossip and unreliable recollections of memories all were stretched into a dramatic but unproven charge.

Looking at transcripts of notes and interviews, Mr. Abrams said it was clear that investigators at CNN fervently believed, and probably still believe, that their story was correct. But as the report points out, they did not have enough evidence to make such explosive charges. Most important, they were so intent on proving their case that they did not listen closely enough to the many sources who insisted that their premise was not true.

It is an old problem in journalism, and many question how the professionals at CNN and Time let it re-

surface for such an important piece. In the case of CNN, which did the bulk of the reporting, three top investigators announced that they were leaving the company. Time magazine, which published CNN's article without running it through its own reporting and editing system, lost editorial control, a bad idea made even worse by the sensitivity and magnitude of this flawed revelation.

Finally, there is an underlying question about whether these two media organizations were driving too hard to make a splash in today's saturated market, a frenzy that perhaps led to cutting corners and hyping the piece.

In some ways, this has been a season for media embarrassments. The Boston Globe, owned by The New York Times Co., recently dismissed a columnist after editors learned she had been inventing people and eloquent quotes. The New Republic dismissed a reporter who fabricated a political underworld that seemed, and was, too outrageous to be true. And The Cincinnati Enquirer this week paid Chiquita International Brands an astonishing \$10 million, retracted a series about the fruit company and dismissed the reporter in charge.

For all these organizations, the damage will linger for some time.

For CNN and Time, it will inject a healthy note of caution into future collaborations. But in each case, the journalists had the right instinct to declare error openly and quickly. That is the media's road to restoring credibility after making such grave mistakes.

—THE NEW YORK TIMES.

## Starr Needs to Finish

Kenneth Starr, the independent prosecutor, has every right to appeal the dismissal this past week of the tax evasion charges he brought against former Associate Attorney General Webster Hubbell. The decision by Judge James Robertson of U.S. District Court seems questionable in several respects.

But Mr. Starr should heed the larger message of this and other adverse rulings of recent weeks: that the investigations of President Bill Clinton must soon be brought to a conclusion.

Judge Robertson's central findings that Mr. Starr exceeded his authority under the independent counsel statute and reneged on his immunity deal with Mr. Hubbell are closer questions legally than his harshly worded opinion might suggest. Mr. Starr's use of financial documents obtained from Mr. Hubbell under a limited grant of immunity to build the tax case against him is troubling. But whether higher courts will agree that it was a violation of Mr. Hubbell's Fifth Amendment rights is uncertain. Supreme Court decisions on the rule against self-incrimination have limited its reach.

Judge Robertson mistakenly suggests that the prosecution of Mr. Hubbell strays too far from Mr. Starr's legal mandate to investigate the Whitewater affair. Since Mr. Hubbell, a former law partner of Hillary Rodham

Clinton, knows a great deal about the Whitewater matter, it does not seem unreasonable for Mr. Starr to pursue the suspicion that he received hush money from Clinton friends.

In seeking further judicial review of these issues, Mr. Starr ought not to lose sight of the broader picture. The various legal matters involving Mr. Clinton need to be resolved. The impatience of various federal courts with Mr. Starr's tactics has added to national unease about the open-ended nature of his inquiry. The office of independent counsel was established not only to assure the unfettered investigation of charges against the highest government officials. It was also created to ensure that a prosecutorial judgment be rendered in a timely manner. In the case of Mr. Clinton and Mr. Starr, that time is rapidly approaching.

—THE NEW YORK TIMES.

## Other Comment

## Kosovo Cannot Wait

A strong case for intervention against Serbia rests on the threat to international peace. It would be highly desirable were the Security Council to give its approval to NATO for appropriate action.

—The Economist (London).

## A U.S.-China Partnership for Prosperity and Security

By Bill Clinton

The writer is president of the United States.

HONG KONG — The security of the United States is enormously enhanced by a positive partnership with a prosperous, stable, increasingly open China, working with us, as it is, on the challenges of South Asian nuclear issues, the financial crisis in Asia, the Korean peace effort, and others.

Building economies and people, not weapons of mass destruction, is every nation's best path to greatness. The vast majority of countries are moving away from, not toward, nuclear weapons. They are also moving away from the notion that their influence in the future will be defined by the size of their military, rather than the size of their gross domestic product and the percentage of their citizens who know a great deal about the world.

India and Pakistan's recent nuclear tests, therefore, buck the tide of history. This is all the more regrettable because of the enormous potential of both countries. Each could achieve real, fundamental greatness in the 21st century; but it will never happen if they divert precious resources from their people to develop nuclear weapons and huge conventional military arsenals.

The United States has worked hard

with China and other leading nations to forge an international consensus to prevent an intensifying arms race on the Indian Subcontinent. We do not seek to isolate India and Pakistan, but we do seek to divert them from a self-defeating, dangerous and costly course. We encourage both nations to stop testing, sign the Comprehensive Test Ban Treaty and settle their differences through peaceful dialog.

The second lesson we should take into the future is that nations will only enjoy true and lasting prosperity when governments are open, honest and fair in their practices, and when they regulate and supervise financial markets rather than direct them. Too many booming economies, too many new skyscrapers now vacant and in default, were built on shaky foundations of cronyism, corruption and over-extended credit. This undermined the confidence of investors — with sudden, swift, and severe consequences.

The financial crisis has touched nearly all the nations and households of

Asia. Restoring economic stability and growth will not be easy. The steps required will be politically unpopular and will take courage. The United States will do all it can to help any Asian government willing to work itself back to financial health. We have a big interest in the restoration of growth, and in starting the flows of investment back into Asia. Roughly a third of our exports and four million American jobs depend on our trade to Asia.

The United States supports China's economic growth through trade. We purchase 30 percent of China's exports — far more than any other country and far more than our percentage of the world's GDP. There is a very limited time period in which we can absorb all the exports of Asia to try to do our part to keep the region's economy going. While we may enjoy a brief period of surging extra investment in the United States as a result of the Asia's difficulties, over the long run stable growth everywhere in the world is the best prescription for stable growth in America.

We are seeing some positive steps. On Thursday, Japan announced the details of its new and potentially quite significant banking reform proposals. We welcome them. Thailand and South Korea are taking decisive action to implement their economic reform programs with the support of the International Monetary Fund. Indonesia has a fresh opportunity to deepen democratic roots and address the economic challenges it faces.

Thanks to the leadership of President Jiang Zemin and Prime Minister Zhu Rongji, China has followed a disciplined, wise policy of resisting continued devaluation, that could threaten the economy of China, the region and the world. Hong Kong can help to lead Asia out of turbulent times as it contributes to China's astonishing transformation by providing investment capital and expertise in privatizing state enterprises and sharing legal and regulatory experience.

This comment was adapted by the Herald Tribune from a speech Mr. Clinton gave Friday to community and business leaders in Hong Kong on the last day of his visit to China.

## Unrealistic Premises Will Sink This 'Beijing-Washington Axis'

By Michael Yahuda

LONDON — The new partnership that Bill Clinton claims to have forged with China is flawed in two ways.

First, it rests on an exaggeration of what was accomplished so far. Second, it is based on unrealistic premises that cannot be realized. As a result, disappointment — if not yet another crisis in Chinese-American relations — cannot be far away.

Second, by placing emphasis on his strategic approach to Asia, Mr. Clinton has antagonized India without offering it a way into the Nuclear Nonproliferation Treaty except on Chinese terms that New Delhi can only find demeaning and threatening to its strategic interests.

The new partnership appears to rest on a view of China and its prospects that bears little resemblance to reality. Far from being "an island of economic stability" in the Asian economic storm, China's economic calm relies on very shaky foundations. The economy is slowing, unemployment is increasing, and brakes are being applied to

the much touted reforms of state-owned companies and the banking system.

Indeed, the day before Mr. Clinton arrived in China, in a reverse of previous reformist policy, the banks were instructed to resume lending to state enterprises. With domestic demand falling and inventories of unsold goods rising, it is hardly surprising that the Chinese side showed even less interest than before in opening their market to more efficient foreign competition. As a result, Mr. Clinton and his officials got nowhere on trade issues or in opening the Chinese market.

The live broadcasts of Mr. Clinton's calls for greater recognition of universal human rights, and of his debates with President Jiang Zemin about the brutal suppression of the student-led pro-democracy movement in Beijing's Tiananmen Square in June 1989, were an important breakthrough.

Yet they did not stop the

Chinese government from removing known dissidents from Mr. Clinton's path. Nor have they even addressed some of the more frightening elements of the abuse of authority in China, such as the long-standing right of the Public Security Bureau to cast any citizen without trial into labor camps for two years, for "education through labor."

Nor can they be expected to prevent another crackdown should social turbulence erupt as a result of China's deep-seated problems.

The history of U.S. relations with China is littered with examples of how exaggerated American expectations were followed by embarrassment. It is not in the interest of either China or the United States that the quality of their new relationship should be hyped up in the way that the Clinton administration is encouraging.

Perhaps most dangerous of all is the talk of working with China to allay the tensions in South Asia.

Not a year has passed since Mr. Clinton became president without one of the U.S. intelligence agencies claiming to produce evidence of Chinese supplies of nuclear weapons-related materials and know-how, and of missiles, to Pakistan. If Beijing was not so keen on denying this, it might have explained that it served China's strategic purpose to offset India's conventional military superiority over Pakistan.

The United States has an interest in trying to limit the damage to the nonproliferation regime. But having taken so little interest in Indian concerns for so long, Mr. Clinton and Secretary of State Madeleine Albright can hardly expect the democratically elected government of India to pay attention to their definitions of Indian national security interests when they are at one with those of China — a source of longtime strategic concern for New Delhi.

The United States should be paying more attention to improving the quality of the com-

mand and control systems of both India and Pakistan to increase each other's confidence in avoiding an accidental nuclear exchange. The United States should also be seeking ways of drawing the two into various arms control arrangements, rather than hectoring them from Beijing.

Since China's military planners will now find themselves constrained to a certain extent by the nuclear power elsewhere in Asia, it is unclear why Washington should align itself with Beijing on this issue. The United States has long wanted to ignore India, but now that it can no longer be ignored, Mr. Clinton should consult more broadly in Asia. He should also constructively engage New Delhi, rather than form what in India is already called a "Beijing-Washington axis."

The writer, professor of international relations at the London School of Economics and Political Science, contributed this comment to the International Herald Tribune.

## It's July 4, and the Voters Probably Aren't Thinking of Nov. 3

By George F. Will

WASHINGTON — Members of Congress are home celebrating American independence, the male members by spilling mustard on their red neckties (do they wear them even at picnics?) and getting their wings close to the grass roots. Members of both parties must be wondering who is going to vote Nov. 3.

To regain control of the House, Democrats need to gain only 11 seats, but that would be the best gain for a party holding the presidency since the emergence of the two-party system. Lincoln's Republicans lost seats in 1862, and since then the party with the White House has lost House seats in every off-year election except 1934, when Franklin D. Roosevelt's Democrats gained nine.

However, as turnout declines, the potential for volatility increases, because the decline may not be symmetrical — may not be evenly distributed among Republicans and Democrats. And according to the Committee for the Study of the American Electorate, the decline of turnout continues.

In 1996 record sums were spent by parties, candidates and interest groups to excite an electorate swollen by a net increase of 5 million registered voters. The electorate, however, remained unstimulated.

The 1996 decline of turnout produced the lowest turnout since the enfranchisement of women in 1924. This year there was a surge in voting in June in

California, where about one in nine American voters lives, because of that state's new open primary and contests for the Democratic gubernatorial nomination, the Republican Senate nomination and several controversial initiatives.

Still, the Committee for the Study of the American Electorate reports that, nationwide, participation in statewide primaries held through the middle of June indicates that when all primaries have been held, participation will have been the lowest ever — and November may see a record low turnout.

November may be largely an "election of the bases," dominated by the motivated, ide-

logical bases of the parties. If "swing" voters stay home in droves, there could be a paradoxical result: At a moment of national contentment, campaigns could become ideologically hot in order to energize the bases. But each party has its own problem.

The Democrats' is that in off-year elections turnout drops sharply among low-income and minority voters. The task of making an ideological appeal to such groups is complicated by the fact of the country's conservative mood.

The Republicans' problem is twofold. First, in the last off-year elections, Republicans triumphed by promising that given a congressional majority, they would transform Washington. Two years ago they did it and two large entitlement programs dating from the 1930s: agricultural price supports and Aid to Families with Dependent Children.

But perhaps their emblematic transformation (emblematic of their own transformation, going native) has been of the Committee on Transportation and Infrastructure, which now has a swollen membership of 75, about one-sixth of the House. This year it produced the linking highway bill: an entitlement that can be called Aid to Politicians with Dependent Contractors.

Second, the Republican base is increasingly composed of "social issues conservatives"

who are increasingly skeptical of the pertinence of politics to what concerns them most: the condition of the culture. They may half-consciously harbor for a William Jennings Bryan of the right: In his long career, Mr. Bryan spent little time in public office (two terms in the House, 27 months as secretary of state, but for two decades he was the foremost Democrat, an inspiring preacher).

If few voters show up at the polls in November, it may be because, as James Burnham says, "What do you do when your car is up to its windshield in mud? You get out and walk. That's what many Americans are doing now in response to government's inability to get them where they want to go."

However, there is much more to civic engagement than just voting. Mr. Burnham notes that since 1980, while voting has been declining, the portion of Americans volunteering with charitable or social service groups has risen from about 30 percent to more than half, and per capita charitable giving has risen a remarkable 40 percent.

This is not the behavior of a nation sunk in apathy. Rather, it reflects only a limited resignation — what Mr. Burnham calls "enlightened despondency" about government's infirmities.

Otherwise, Americans are getting on with their lives with a spring in their steps.

Washington Post Writers Group.

## Vatican Archives Awaiting the Light

By Miles Lerman

WASHINGTON — This spring the Vatican released a document — "We Remember: A Reflection on the Shoah" — that has aroused public debate among scholars, religious leaders and lay people about the papacy's portrayal of its role during the Holocaust and the lessons of conscience it hopes to transmit to Catholics everywhere.

While "We Remember" might have gone further in discussing what the papacy could have and should have done to decry Nazi anti-Semitic and genocidal policies, we at the United States Holocaust Memorial Museum see an opportunity for the Vatican to take a necessary next step by opening its archives from the Holocaust period.

In his introduction, Pope John Paul II conveys his hope that the document will "enable memory to play its necessary part," by shaping a future in which the "unspeakable crime of the Shoah will never again be possible."

His Holiness is among the first pontiffs to seriously address reconciliation with Jews as a personal priority. He has repeatedly demonstrated remorse for what happened to the Jewish people not only in the Holocaust but throughout history as a result of anti-Semitism. He has taken monumental steps that are fundamentally changing relations between Catholics and Jews.

Acknowledging the unique Jewish tragedy of the Holocaust, he was the first Pope to visit Auschwitz-Birkenau and pray for its victims. He was the first Pope to formally visit a synagogue. He meets regularly with Jewish leaders.

I believe Jewish hearts and minds are open to the Pope's efforts to heal relations between the two faiths. It is, however, important to recognize that for such a process to take root, we must confront our past. The opening of the Vatican archives from this period would be the most effective means to accomplish the Pope's worthy goal.

The Vatican report is a significant step in acknowledging the Catholic Church's need to come to terms with its acts and omissions during the Holocaust. Some Catholic Church authorities and believers acted nobly while others remained indifferent. We owe it to the memory of the victims and to history to explore all the complexities.

The United States Holocaust Memorial Museum pursues historical truth for this very purpose. It has signed agreements with European nations and international organizations to gain access to and reproduce millions of pages of archival records for its collection.

With few exceptions, the Vatican's Holocaust-era ar-

chives have remained closed. We hope the Vatican will agree that the time has come to open its records and permit scholars to study them. These archives detail Vatican decision-making during World War II. They contain drafts of the encyclicals published by Pope Pius XII in 1937 and Pope Pius XII in 1939, materials on the Concordat with Nazi Germany and information on the Catholic Church's reaction to developments during the Nazi era.

The archives contain confidential reports and correspondence from Catholic clergy documenting the destruction of European Jewry. They tell how much the Catholic Church knew about Nazi activities as well as when, where and how the church became informed about the ghettos, concentration camps, deportations and mass killings.

Letting the light shine on our personal pasts can be uncomfortable and illuminate painful truths. So, too, with nations, and perhaps with the Vatican. With regard to the Holocaust, few nations are free from the guilt of indifference and intolerance. But by recognizing and confronting past failures, we gain the moral strength to shape a better future.

The writer is chairman of the United States Holocaust Memorial Council. He contributed this comment to The Washington Post.

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

## 1898: Battle Suspended

NEW YORK — General Shafter has been heard from, but the War Department refuses to make his despatch public. It is understood, however, that the battle in Santiago has been discontinued. General Shafter evidently underestimated the strength of the enemy, and is now compelled to await reinforcements before continuing the attack. It is known that the American loss for the two days' fighting is of a heavy character.

## 1923: Colorful Duel

PARIS — After a long interval, due to the war, duelling has begun to resume its old-time sway among Parisians, the latest encounter being staged among members of the Bar practising at the Court of Appeal. Unlike the old-fashioned duels, it did not end until blood was spilt. Mr. Campinchi, who

is well known as a criminal lawyer, had a personal difference with Mr. Hamptissar the other day, and twice "pinked" his adversary in the resulting encounter with swords.

## 1948: Jerusalem Force

TEL AVIV — While protecting Palestine's peace, the United Nations Supervisory Commission has presented to Arabs and Jews an ambitious scheme to demilitarize part of Jerusalem with the first armed international police force yet created. It was learned today [July 3] that Mount Scopus, the Biblical height in northern Jerusalem, has been selected for the initial experiment with UN police chosen on a volunteer basis internationally. Both Arabs and Jews have agreed in principle to demilitarization of Scopus and to UN control. The plan is entirely separate from the four-week cease-fire pact.

**Herald Tribune**  
ESTABLISHED 1887  
KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER  
Co-Chairmen of the Board

PETER C. GOLDMARK JR., Chairman and Chief Executive Officer  
RICHARD WOOLDRIDGE, President and Chief Operating Officer  
MICHAEL GETTLER, Executive Editor

• WALTER WELLS, Managing Editor • PAUL HORVITZ, Deputy Managing Editor  
• KATHERINE KNORR and CHARLES MITCHELLMORE, Deputy Editors • SAMUEL AUST and CARL GEWIRTZ, Associate Editors • ROBERT J. DONAHUE, Editor of the Editorial Pages  
• JONATHAN GAGE, Business and Finance Editor

• RENÉ BONDY, Senior Vice President and Chief Financial Officer  
• DIDIER BRUN, Circulation and Development Director  
• STEPHEN DUNBAR-JOHNSON, Advertising Director  
Directeur de la Publication: Peter C. Goldmark Jr.

International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92021 Neuilly-sur-Seine, France.  
Tel: (1) 41.43.93.00. Fax: Subscriptions, (1) 41.43.92.10; Advertising, (1) 41.43.92.12; News, (1) 41.43.93.38.  
Internet address: <http://www.ihb.com> E-Mail: [ihb@ihb.com](mailto:ihb@ihb.com)

Editor for Asia: Michael Richardson, 1 Canterbury Rd., Singapore 11900. Tel: (65) 472-7708. Fax: (65) 224-2334  
Mng. Dir. Asia: Terry Dancer, #1201, 191 Joo Road, Hong Kong. Tel: 852-2822-1188. Fax: 852-2822-1190  
Gen. Mgr. Germany: T. Schuler, Friedrichstr. 15, 10117 Berlin. Tel: +49 30 9771250-0. Fax: +49 30 9771250-29  
Pres. U.S.: Ann Blahnik, 850 Third Ave., New York, N.Y. 10022. Tel: (212) 512-3890. Fax: (212) 755-5785  
U.S. Advertising Office: 63 Long Acre, London WC2E 9LT. Tel: (171) 836-4022. Fax: (171) 240-2254  
S.A.S. au capital de 1.300.000 F. RCS Nanterre B 732021126. Commission Paritaire No. 61337  
©1998, International Herald Tribune. All rights reserved. ISSN: 0294-8052.







## ART



From "Paul Gauguin: The Lost Paradise" in Essen, one of many exhibitions honoring the painter this year.

## Gauguin's Voyage to Paradise

By David Galloway

ESSEN, Germany — With flowing hair and an outlandish costume inspired by Buffalo Bill's Wild West Show, the French visitor disembarked in Tahiti in 1891, eager to imbibe the island's sensual bounty. Like many a tourist besotted by fantasies of uninhibited, low-budget thrills, Paul Gauguin abruptly plunged into the uncharted gulf between dream and reality.

Missionaries, merchants and colonial bureaucrats had long since left their mark on the "unspoiled paradise" hymned by such 18th-century explorers as Captain James Cook and Louis Antoine de Bougainville. Prices were high, and even remote villages knew the ravages of alcoholism, syphilis and tuberculosis.

Denied critical and financial recognition in France, Gauguin had dreamed of an "atelier of the tropics," where living was cheap and where new, even revolutionary, motifs awaited. With scarcely a thought for the wife and five children he had packed off to Copenhagen or the pregnant mistress left behind in Paris, the former stockbroker set sail for paradise, only to encounter "Europe — Europe, from which I believed I had freed myself!" Yet by moving away from the overpriced francophile capital of Papeete, the visitor found at least the hatched hut and nubile maidens of his dreams.

But Gauguin learned his own severe lesson in the prudish heritage of mis-

sionary zealotry when he was arrested and fined for bathing in the nude at a remote beach. It was not his last contretemps with colonial authorities. During his second sojourn in Polynesia, from 1895 until his death in 1903, the painter produced anti-government pamphlets urging the locals to refuse to pay taxes to an exploitative regime. He was fined 500 francs and sentenced to three months in prison.

Before his appeal could be heard, Gauguin had bid farewell to paradise lost: In the hut he had erected on the Marquesas island of Hiva Oa and dubbed "The House of Pleasures," he succumbed at the age of 40 to a combination of syphilis, an infected leg wound, alcoholism and morphine abuse.

Long before his death and though his Polynesian paintings had found few buyers, Gauguin had become a legendary figure — an incarnation of the bohemian rebel. "Don't come home!" a friend advised. "You already have the immunity of dead heroes. You are part of art history." Indeed, in seeking to bridge the painful schism between dream and reality, Gauguin had created a voluptuous body of work in which color was triumphantly liberated from representational restraints. His freely mingled observations of local flora and fauna with his own erotic fantasies and fragments of information on Tahiti's precolonial myths and rituals.

Those pictures have indelibly stamped both the popular, postcard image of Paul Gauguin and touristic conceptions of an earthly paradise. Like many artists of his generation, the French pilgrim sought an antidote to the rampant industrialization and urbanization of his day. Perhaps for similar reasons, his idyllic visions seem to have particular appeal to a post-technological society rushing into its twilight toward the end of a century but into a new millennium.

A Gauguin fever has broken out in Germany. It is not just the reflection of a fin-de-siècle yearning for paradise but a celebration of the 150th anniversary of the artist's birth. "Paul Gauguin — Tahiti," which recently closed at the Stuttgart Staatsgalerie, broke all previous attendance records.

Essen's Folkwang Museum expects some 600,000 visitors to stand in line for

"Paul Gauguin: The Lost Paradise." The Essen show, which runs through Oct. 18 and then moves on to the Neue Nationalgalerie in Berlin, documents the artist's Tahitian phase in more than 50 paintings, totemic sculptures and graphics. Many of the paintings, gathered from museums throughout the world, have never been previously exhibited in Germany, and one of them — the monumental "Ropapepe" — has never been seen outside the Pushkin Museum in Moscow. A prelude to the Essen ensemble features earlier visions of paradise, including that of Lucas Cranach, while an epilogue documents Gauguin's influence on such followers as Ernst Ludwig Kirchner and Franz Marc.

The chronological presentation of Gauguin's works makes clear that his first, comparatively brief stay on Tahiti was artistically more successful than the second. And it was these works, exhibited on his return to Paris in 1893, that did most to ensure his legend, if not his fortune. But even those canvases are not entirely free of cliché and repetition or of compositional "borrowings" from classic European painting. Furthermore, some of their topless heroines come dangerously close to a cartoonist's reductionism. What triumphs, even against such odds, is the succulent, unorthodox coloration that literally seems to flood the canvases.

On Aug. 30, Munich's Hypo Kulturstiftung opens a show entitled "Gauguin and the School of Pont-Aven." With 30 works by the master and 110 by the colleagues with whom he painted in Brittany, the exhibition seeks to document the painter's influence on an entire school of artists.

In Switzerland, the Fondation Pierre Gianadda, in Martigny, has mounted a retrospective, through Nov. 22, of 120 paintings and sculptures from all phases of Gauguin's career — the earliest of these from 1873, when he was a successful stockbroker and Sunday painter. Yet this show, too, inevitably concludes with the wanderer's quest for paradise.

David Galloway is an art critic and free-lance curator based in Wuppertal, Germany.

Africa Turns a Lens on Itself  
150 Years of History, With Stunning PortraitsBy Katherine Knorr  
International Herald Tribune

PARIS — Africa through a lens: More often than not, Africa and Africans have endured a European eye, whether it's through the lens of the scientist or the nature photographer who capture the landscapes and the wildlife and the tribal life, or more often the destruction of all these things.

A large and curious exhibition at one of Paris's photography museums gives us quite a different look at Africa, through African lenses. This is in many ways as bleak a view of Africa as many Western photographers have given, and yet the perspective is so strikingly different that it will refocus any viewer's way of seeing that tragic continent.

Set up by La Revue Noire, a Paris-based magazine that focuses on African art, this show attempts to chronicle 150 years of African photography, beginning with the earliest daguerotypes in the middle of the 19th century, and essentially ending with contemporary art photography. It doesn't pretend to be exhaustive; the material simply isn't there. The vast majority of the photographs in between are of documentary and historical interest, press (mostly propaganda) photos during and after various struggles for independence, and an astonishing number of extraordinary studio photos that silently show the passage from colonialism through the first heady days of independence and into an often bleak present.

The show is intended to celebrate the variety of African life and art, and to fight both the clichés of colonialism and of postcolonialism. More than anything else, what it leaves behind in the viewer's mind are all the faces of Africa, the frightened and the proud, the dreamy and the desperate, the drunk and the cool — all the hope and all the misery. For all these reasons, it is deeply interesting.

The show concentrates on sub-Saharan Africa, with a preponderance, not surprisingly, from French-speaking Africa.

Some of the very earliest African photographers, according to the show's curators, were freed slaves who came back with daguerreotype equipment. Missionaries photographed for the benefits of do-good societies back home. But photography for Africans really got its start through European studios set up in the major African ports or trading towns; where Africans learned the craft and the trade working either as assistant photographers or even as processors.

Much of African photography outside the studio, even today, has come from itinerant photographers who produced ID pictures, suddenly a crucial commodity with the bureaucratic modernization of the continent. A lot of the story is the ingenuity of photographers working with ancient equipment (and some of the photographers made money on the side repairing cameras), and until fairly late in the game convincing sitters, many of whom were Muslims, that what they were doing wasn't evil.

Not much is known about many of these photographers. Some of the archives — like those of Seydou Keita in Mali — are well preserved, others have nearly disappeared; some have been rediscovered recently.

Among the studio work, the sumptuous portraits of Mama Kasset in



By an unknown photographer, taken in Saint-Louis, Senegal, about 1930.

Dakar, Senegal, stand out. Here the local bourgeoisie came in their finest clothes and vamped it up for the camera.

In Mali, Keita, perhaps Africa's most famous living photographer (he is retired), produced elegant and often humorous portraits — sensuous women, very cool guys.

CORNELIUS Yao August Azango from Ivory Coast gets a substantial showing here, plain, stark portraits of extraordinary faces almost expressionless, some etched with pain, staring straight into the lens.

Ramilijoana's sleek portraits in Madagascar between the world wars show us a world that seems caught in amber, elegant women with parasols and waved hair.

Abderramane Sakaly in Mali in the 1960s and '70s shoots portraits against the blandest of backgrounds, and manages to turn what are almost identity pictures into real human studies. Here are the slick brothers with their shades, and the cameo profile of beautiful women.

From the 1950s on, many photographers portrayed the slightly alarming

nightlife of various African capitals. Philippe Koudjina in Niger, Depara in Zaire. There is an air of snatched insouciance here, guys and gals in their best Saturday night wear, and always the colonial giveaway — in one case, a French Solex motorbike. There is also a feeling of danger, a feeling that beyond the brightness of the flash is a great

danger. Much more recent are the color photographs in Cape Town of Zwellithu Mthethwa, shown here with interiors where the wallpaper is wrapping paper for mass-produced products — Life-buoy repeated 100 times, or Bastille Brandy. The terrible sadness of these shantytowns is somehow heightened by art by the exuberant colors.

At another remove are the pictures of Billy Monk, who photographed the sordid nightlife of South Africa. Monk, like so many others in this exhibition, is something of a mystery. Described as a part-time bartender, part-time diamond miner, he was shot to death some time in the early 1980s.

"L'Afrique par elle-même," Maison Européenne de la Photographie, Paris, until Aug. 23.

## BOOKS

EXPLAINING HITLER:  
The Search

for the Origins of His Evil  
By Ron Rosenbaum. 444 pages. \$30.  
Random House.

Reviewed by Michiko Kakutani

If you thought the one historical figure people could reach a consensus on was Adolf Hitler, you'd be very wrong. Given the growing relativization of history writing and the constant intramural fighting in academia, given the growing preference of scholars for seeing history as a product of abstract social forces rather than the acts of individual men, historians have left us not with one Hitler, but a multitude of Hitlers.

There's the demonic Hitler, the very embodiment of unaccommodated evil and irrational hatred, of course. But as the journalist Ron Rosenbaum points out in his fascinating new book "Explaining Hitler," there is also the small-time con man Hitler, the statesman-like Hitler, the gemmed Hitler, the dithering, Hamlet-like Hitler, who had a hard time making up his mind whether or not to exterminate the Jews.

The historian Hugh Trevor-Roper gave us an irrational but sincere Hitler, "convinced of his own rectitude," while the Hitler biographer Alan Bullock gave us a calculating, cold-blooded Hitler who came to believe his own Machiavellian act.

While Daniel Goldhagen, the author of the best-selling book "Hitler's Willing Executioners," suggests that Hitler was little more than a midwife to the war against the Jews, the writer Milton Himmelfarb takes the position of "No Hitler, no Holocaust."

What all these different Hitlers represent are different ways of looking at evil, at free will, at personal respon-

sibility and at the workings of history, and in "Explaining Hitler," Rosenbaum not only re-examines a myriad of scholarly writings on the Nazi leader, but also attempts to explicate the explanations.

In doing so, he shows how historians, philosophers and psychologists have projected their own agendas, preconceptions and yearnings for certainty onto their portraits of Hitler, and how their portraits in turn mirror broader cultural assumptions.

Unlike many intellectual histories, "Explaining Hitler" does not confine itself to simple textual analysis, but shows how Rosenbaum's reportorial skills with acute, sometimes edgy interviews with such controversial thinkers as Claude Lévi-Strauss, the creator of the movie "Shoah," George Steiner, the critic and embodiment of the much debated novel "The Portage to San Cristobal of A.H.," and the Hitler apologist David Irving.

The resulting book, portions of which originally appeared in The New Yorker, is a lively, provocative work of cultural history that is as compelling as it is thoughtful, as readable as it is smart.

As Rosenbaum observes in this volume, "powerful tendencies in contemporary scholarship have cumulatively served to diminish the decisiveness and centrality of Hitler's role."

On one hand, many scholars have argued that larger, more profound forces of history and society are to blame for the Holocaust.

Goldhagen suggests that by the time Hitler came to power in 1933, anti-Semitism had already made Germany "pregnant with murder"; the scholar Hyam Maccoby contends that Christianity, with its anti-Semitic stereotypes, had by World War II created a craving for vengeance against Jews; and Richard Breitman, editor of "Holocaust and Genocide Studies," argues that the traumas sustained by Germany in the early years of the century forged a desperation that Hitler was able to channel against the Jews.

At the same time, hard-core Freudians and psycho-historians intent on trying to map Hitler's psyche have come up with an assortment of explanations that effectively let Hitler off the hook, using what Rosenbaum calls "the Menendez

defense" to depict him, astonishingly enough, as a victim.

The famous psychoanalyst Alfred Miller portrays Hitler as a victim of an abusive father; Erich Fromm shows him as the victim of an overbearing mother. Other thinkers have attributed Hitler's pathology to a "primal-scene trauma," to a missing testicle, to a sexual secret that "isolated him from the normal love of human beings," to a physical illness and to a self-hatred stemming from his suspicion that his grandmother had a Jewish lover and that he himself was "tainted" by Jewish blood.

Even more perversely, other scholars have tried to come up with a single Jew as the true source of Hitler's metamorphosis from a run-of-the-mill malcontent into an anti-Semitic monster.

Their suspects include a Jewish prostitute who might have given him syphilis, a Jewish music teacher or musician who might have been involved with Hitler's beloved half-niece Geli Raubal, and a Jewish doctor who may have bungled the treatment of Hitler's mother, who died in 1907 of breast cancer.

These theories make clear how dangerous the effort to explain Hitler can be — how it can result in a rationalization of his actions, exempting him from responsibility for his crimes.

It can also provide us with false consolation. Those theories that suggest that Hitler was a madman completely off the charts of human behavior allow us to shrug him off as a horrible anomaly, while other theories, which suggest that he was not consciously evil, enable us to ignore his darkest implications about human nature.

At the same time, Rosenbaum argues, repudiating any effort to understand Hitler or the Holocaust can lead to a process of mystification that effectively shields the murderers from responsibility for their crimes and thwarts all efforts to learn from the horrors of the past.

In analyzing the consequences and implications of various efforts to explain Hitler, Rosenbaum himself has made an important contribution to our understanding not just of Hitler, but of the cultural processes by which we try to come to terms with history as well.

New York Times Service

## RELIGIOUS SERVICES

| AMSTERDAM  | THE EPISCOPAL CHURCHES OF EUROPE (Anglican)   | WIESBADEN  | FRANKFURT  |
|--|---|--|--|
| CROSSROADS INTERNATIONAL CHURCH Interdenominational & Evangelical Service 10:00 a.m. & 11:30 a.m./Kiss Welcomes, De Coussestraat 3, S. Amsterdam Info. 020-641 8512 or 020-6451 653.   | PARIS<br>THE AMERICAN CATHOLIC OF THE HOLY TRINITY, Sun. Eucharist 9 & 11. Morning Prayer 147 St. Eucharist 10:00 a.m. & 11:30 a.m. 1800, 23, avenue George V, 75008 Paris. Tel: 33 (0) 1 53 23 84 00. Metro George V or A. | ST AUGUSTINE OF CANTERBURY Sun. 10 Eucharist. Frankfurt Str. 3, Wiesbaden, Germany. Tel: 49 (0) 61133 8574.  | INTERNATIONAL CHRISTIAN FELLOWSHIP, Ex-Friedrichstrasse 60, 60309, Frankfurt, Germany. Tel: 49 (0) 61133 8574. Sunday Worship, Nursery & SS: 11:20 A.M. Mid-week ministries, Pastor M. Lacey, Call: 06173-62728. |
| FRANCE/TOULOUSE<br>HOPE INTERNATIONAL CHURCH (Evangelical), 4, bd de l'Europe, Colomiers. Sunday service 8:30 p.m. Tel: 05 62 74 11 55.  | ROYAT (France)<br>CHRIST CHURCH, (Clermont-Ferrand) 1st & 3rd Sun. 5 p.m. a.m. Dr. Jean-Henri, (Rue de la République) 590473394159.   | SWITZERLAND<br>EMMANUEL CHURCH, 1st & 3rd Sun. 10 a.m. Eucharist; 2nd & 4th Sun. Morning Prayer, 3 rue de la République, 1201 Geneva, Switzerland. Tel: 41 (0) 22 732 80 78. | HOLLAND<br>TRINITY INTERNATIONAL invites you to a Christ centered fellowship. Sunday service 9:30 a.m. (nursery prov) Maria, Wierboon, Youth & Small Group Ministries, Bloemendaal 54, Wierboon 070-517-8024.    |
| FRENCH RIVERA/CÔTE D'AZUR<br>NICE: Holy Trinity (Anglican), 11 rue Balle, Sun. 11; VENICE: St. Hugh's, 22, av. Napoléon, Sun. Tel: 33 04 93 97 19 83.  | FLORENCE<br>ST. JAMES CHURCH, Sun. 9 a.m. & 11 a.m. Via Bernardo Rosselli 9, 50123, Florence, Italy. Tel: 39 055 294 417.   | BRUSSELS/WATERLOO<br>ALL SAINTS CHURCH, Eucharist Sun. 9 a.m. SS, 3 rue de la République, 1201 Geneva, Switzerland. Tel: 41 (0) 22 732 80 78.                                | NICE - FRANCE<br>I.B.C. - 13 rue Vernier, English service, Sunday evening 18:30, pastor Roy Miller - Tel: (04 93) 24 92 61.  |
| FRANKFURT<br>St. Leonhard, International Catholic Parish, Alte Mainzer Gasse 8, 60311 (near Römer), Masses in English: Saturday 5 p.m., Sunday: 10 a.m. Tel: 069-283177 or J.Schoed@em.frankfurt-unid.   | ROME<br>ST. PAUL'S WITHIN THE WALLS, Sun. Eucharist 10:00, Eucharist 11:00, Eucharist 12:00, Eucharist in Spanish 1 p.m. Via Napoli 53, 00184, Tel: 39 06 488 3339 or 474 5593.   | BERLIN<br>I.B.C. - BERLIN, Rotherbaum Str. 13, (Steglitz), Sunday Bible study 10:45, worship Service 12:00 noon, Charles Werford, pastor. Tel: 030-774-4670.                 | ST. PAUL DE VENICE - FRANCE<br>St. Paul de Venice - France I.B.C., Espace St. Claire, Level 10, Bible Study Sun. 9:30, Worship Sun. 10:45, Tel: (04 93) 24 92 61.  |
| OSERURSE/OSERSTEDTEN<br>ST. MARY'S CATHOLIC CHURCH (English Speaking) St. Petrus Catholicus (Kirkko), Am Alten Bach 2, Oserurser/Oserstedten, Mass Sun. 14:30, Pastor Fr. Bruens 089 7191 1430 or Church Office 089 71 259 83.                 | KARLSRUHE (GERMANY)<br>ANGELICAN EPISCOPAL COMMUNITY 1st & 3rd Sundays 5 p.m., in chapel of Lutheran Church, Kottbus, 2-4, Tel: 49 (0) 721 283 79 or 49 (0) 721 49 15 98.   | BRATISLAVA - SLOVAKIA<br>I.B.C., The Iwanta, Karlovska 64, Auditorium 104B, Worship Sun. 10:00, Tel: (07) 715367.  | FRAGUE<br>I.B. FELLOWSHIP, Wednesday 9 55, Praga 3, Sun. 11:00, Tel: (023) 311 7974.   |
| PARIS AND SUBURBS<br>EMMANUEL BAPTIST CHURCH - 55, rue des Bains-Rois, 92000 Rueil-Malmaison, Summer schedule July, August: Worship 9:45 Coffee hour 11:00, For info Tel: 01 47 51 29 6301 47 49 13 29 or http://www.gccies.com/Pdf/Menu/1322. | BRUCKMUEHL (GERMANY)<br>ANGELICAN EPISCOPAL COMMUNITY, meets at Ex-Lutheran Johanneskirche, 1st Sun. 11 except August, Adolbert-Strasse 1, 2, 83092, Tel: 49 (0) 80245415.  | BREMEN<br>I.B.C., Hohenlohestr. Hermann-Bose-Str. 17, 28195, Pastor telephone: 0421-76 048.  | WATERLOO<br>WATERLOO BAPTIST FELLOWSHIP, 1800 St. Charles, Church, across from MacDonald's, Tel: (03) 350 1595.  |
| HOPE INTERNATIONAL CHURCH Hotel Orion at Paris-la-Defense, 8 bd. de Neuilly, Worship Sundays, 10:00 a.m. Rev. Frederic Henry, Pastor. Tel: 01 43 39 04 08 Metro 1 to la Defense Esplanade.   | MUNICH<br>THE CHURCH OF THE ASCENSION Sun. Eucharist 9, Eucharist, Sunday School/Nursery 11:45, Seybostr. 4, 81549 Munich (Hartshagen), Tel: 49 (0) 89 648185.  | BUDAPEST<br>I.B.C., meets at Morics Zeigmond Gimnazium, Törökvez 44-54, Sun. 10:00, Tel: 250-3632.   | ZURICH - SWITZERLAND<br>I.B.C. of Zurich, Gheistrasse 31, 8603 Rüschlikon, Worship Services Sunday mornings 10:30, Tel: 041-6910018.   |
| SAINT JOSEPH'S CHURCH (Roman Catholic), MASS IN ENGLISH: Sat. 11:00 a.m., 6:30 p.m.; Sun. 10:00 a.m., 12:00 noon, 6:30 p.m.; Mon.-Fri. 10:00 a.m., 5:00, avenue Hoch, Paris 8th, Tel: 01 42 27 28 55, Metro: Charles de Gaulle - Etoile.       | FRANKFURT<br>CHRIST THE KING Eucharist Sun. 9 & 11, Sunday School/Nursery 10:45 Sebastian Platz Str. 22 60323 Frankfurt, Ger., U1,23 Miquel-Alles, Tel: 49 (0) 69550184.  | BULGARIA<br>I.B.C., World Trade Center, 36, Dohren Tzankov Blvd, Worship 11:00, James Dues, Pastor. Tel: 971-2182.   | GENEVA<br>EV. LUTHERAN CHURCH 20 rue Vernier, Sunday worship 10:30 in German 11:00 in English, Tel: (022) 310 5039.  |
|  |   | DARMSTADT - GERMANY<br>I.B.C., Wilhelm-Leuschner Str. 104, Darmstadt-Griesheim, Bible Study Sun. 10:00, Tel: (0611) 941-0605.  | PARIS<br>AMERICAN CHURCH IN PARIS, 110 rue de la Harpe, 75004, Paris 4, Tel: 01 47 33 63 63, Metro: Alibi-Marcou or Invalides.   |

## NEW AUTHORS

PUBLISH YOUR WORK  
ALL SUBJECTS CONSIDERED  
Authors world-wide invited  
Write or send your manuscript to  
MINERVA PRESS  
2 OLD BROMPTON RD, LONDON SW7 5DD

JPL/120130



## ART

## How Monet's Garden Grows: A Record

By Souren Melikian  
International Herald Tribune

LONDON — As Monet's close-up view of his garden at Giverny painted in 1900 inched its way up to \$19.8 million (\$33 million) at Sotheby's, applause broke out in the room as if the attendance had been witnessing some Olympic record.

A record it was as far as Monet is concerned, and yet there was nothing truly surprising about it, even if that sounds easy to say after the event. Like much else in that remarkable sale on Tuesday night, for which credit largely goes to Michel Strauss, the record is an indicator of what the future holds for a market where supplies are dwindling.

Simply put, the painting was admirable. The tightly knit composition, the powerful thrust to its elliptical movement, and the shimmering effect in dots and strokes of red, green and yellow combine to make it one of the masterpieces from Monet's second phase, when, having exhausted the resources of Impressionism, the artist began to transcribe colored perceptions of the world that brought him ever closer to abstraction.

This is perhaps the greatest landscape from that period seen at auction since the 1960s. A variant of the garden view sold at Christie's a decade ago came close enough, but this one was further enhanced by its mint condition. Aware that this might truly be a last-chance opportunity, anonymous buyers bid furiously over the phone, running it up to a huge price that nevertheless makes sense in the market as it stands today. Other prices of the same order will undoubtedly be paid over the next few years as works of a comparable caliber in terms of glamorous signatures, beauty and condition come up.

We have now reached the last phase of a market cycle that began in the mid-18th century. For most of that time, art sold within the same circles, primarily recruited from the upper and middle classes, and within closely defined geographical areas — Western Europe, and, in this century, North America. In the past three decades, the social recruitment has drastically changed, the old establishment giving way to new money. Simultaneously, geographical boundaries have broken down. Buying art, which used to be a passion for the

chosen few, has become a game for the whole world.

Not only are supplies widely scattered but, with the multiplication of museums, they are drying up. Category after category has vanished from the auction scene. Now it is the turn of Impressionism to make a slow exit. In the process, a fight to the finish will increasingly be waged over the few major works that may yet turn up, sending them sky high.

A very different fate, however, may await major works that require a high level of artistic sophistication from the viewer, as shown by the other remarkable work in Sotheby's sale, a study of young girls getting ready for the dancing class, drawn in pastel by Degas around 1882. This is, literally, a museum work. The Art Institute of Chicago owned it from 1937 to 1990 when it was consigned to Sotheby's New York and sold for \$4.95 million.

Yet, on Tuesday, the marvelous pastel nearly failed to find a taker. Henry Wyndham, chairman of Sotheby's Europe, was about to bring down his hammer when, after a long wait, a dealer who had his mobile phone glued to his

car, suddenly raised his hand. Despite Wyndham's insistent calls, there was no further bidding. The dealer thus got the Degas on behalf of a client on a single bid, for \$2.64 million. In today's market, the figure almost seems modest.

The masterly pastel was not the only work that sold with difficulty. So did Modigliani's portrait of a Polish émigré called Baranowski, now a rarity even if this one suffers from clumsiness. But that is not unusual in Modigliani's art. It is simply that at \$4.29 million, enthusiasm is more easily checked in.

The Monet aside, the only other picture that triggered determined competition was Edvard Munch's portrait, "Jensen in the Grand Café." Done around 1898, it is conventional in the handling of the sitter's face and modernist in the rendition of the background. Very dark, it would probably have failed to sell a few years ago. On Tuesday, it was treated as a double icon — the portrait of a famous writer, the work of a famous painter — by two bidders, including a Norwegian dealer, who ran it up to \$1.76 million.

Otherwise, one could sense a curious mix of interest and reserve from the prospective buyers. The works offered were just not great enough and the estimates often a bit too high. A landscape painted by Cézanne around 1878-1879, rather too simple, only made it to the lower estimate, \$1.29 million. Another Cézanne, an oil sketch of bathers, missed it by a narrow margin as it sold for "only" \$934,500. This is hardly surprising — the price is huge for a small study only 20 by 33 centimeters (7 1/4 by 13 inches).

When it came to a Picasso, "The Binoculars," a rare abstract work from the master's earliest Cubist phase painted in 1910, no one responded. Wyndham called out "\$260,000" and brought down his hammer leaving it unsold, far below the estimate set at \$350,000 to \$450,000 plus the sale charges. This too is a small study (22 by 27 centimeters). Interesting but austere, this is a picture for a connoisseur or a sophisticated small museum, not for the very rich new buyers who look for big formats with a flashier quality. At that price level, the Picasso sketch is virtually without a public.

Its failure highlights the underlying problem of the art market in its final phase, possibly over the next three or four decades before supplies become so thin that they will cease to feed an organized market. As rarity increases, the cream of the cream goes wildly up but continues to be sought after. The rest of what is available is pulled up, almost mechanically. Eventually, it reaches a point where it is too highly priced to be tempting, even for those who can pay. Up to a point, frustrated collecting



Detail of Modigliani's portrait of Baranowski, a Polish émigré, 1918.

## The 'Black Legend' of a King

By Al Goodman  
New York Times Service

SAN LORENZO DE EL ESCORIAL, Spain — Not only did King Philip II lose the invincible Armada in 1588 while trying to invade England but he also came to be known, in most history books, as the epitome of the cruelty and intolerance associated with imperial Spain.

He promoted Catholicism at sword point against Protestants and Turks. His armies at their zenith controlled the largest empire of the era, a swath of territory so vast, from Europe to Asia to the Americas, that yes, the sun never set upon it.

But now, on the 400th anniversary of his death, the government has organized three major art exhibitions to portray a different side of Philip, as a Renaissance connoisseur of art and literature, a bon vivant in his youth who loved royal parties and a devoted family man.

"A monarch who collected Titian and Bosch couldn't be such a demon," said Juan Martínez, an art expert on the exhibition team.

Philip collected about 2,000 paintings, including the 40 by Titian and six by Hieronymus Bosch. He also collected 5,000 books, far more than his Spanish royal predecessors did.

The commemoration promises just as full and fair a look at Philip, addressing his "lights and shadows." The first exhibition, "The Hispanic Monarchy," opened on June 1 and runs through Oct. 10 at El Escorial, the mammoth granite palace and monastery he built just northwest of Madrid.

The two others begin in October: "A Prince of the Renaissance" at the Prado, and "The King's Land and Men" at the Villena Palace in Philip's native city of Valladolid. More than 500,000 visitors are expected at the three shows.

El Escorial, with four sharply pointed towers at its corners, provides a powerful backdrop for the first show. It was here that Philip received the bad news about the Armada, and here that he died in Spartan quarters at age 71 and was buried.

The exhibition includes 514 items, including paintings, books, documents, and jewelry recovered from sunken Armada ships, the latter on loan from the

Ulster Museum in Belfast and being shown in Spain for the first time.

There are two portraits of the proud, steel-eyed young Philip wearing black armor with gold inlay, one by Titian in 1551 and the other by the Spanish painter Antonio Moro in 1557, the year after he took the throne. Each speaks to Philip's power, while the numerous religious icons on view show his devotion to Catholicism.

Some Spanish conservatives defended him as a model ruler against his numerous detractors, particularly English and Dutch Protestants who spread what became known as the "black legend," focusing on his oppressive tactics in Europe and the New World. That view was disseminated in books of the period, and six such volumes are part of the show.

But Henry Kamen, an English historian who has recently published a biography of Philip, does not predict a quick revision of attitudes.

"There is a rethinking and that is the best one can ask for," Kamen said. "One cannot change views overnight."

And perhaps not even in 400 years.

## ARTS

## FIAC

7-12 October '98  
Espace Eiffel-Brancly • ParisCountry of Honour  
AustriaEntry fee  
from 12pm to 5pmLate evening  
on Thursday 8 October  
from 12pm to 10pmSaturday and Sunday  
from 12pm to 5pmMonday 12 October  
from 12pm to 5pm

## GALERIE

## HOPKINS • THOMAS • CUSTOT

Impressionist and Modern Paintings

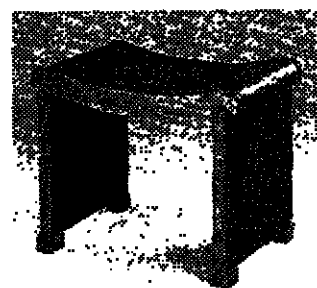
2, rue de Miromesnil, 75008 Paris

Tél. 33 1 42 65 51 05 - Fax 33 1 42 66 90 28

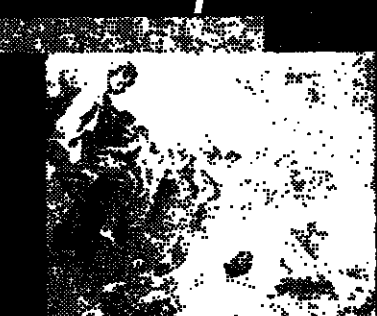
## ROBERT INDIANA



## MAKASSAR-FRANCE

ART DÉCO  
OPENING OF ITS NEW GALLERYStool by Pierre Chareau 1923  
19, avenue Maitillon 75008 Paris  
Tél.: 01 53 96 95 85 - Fax: 01 53 96 95 94

## The Joy of Art

SEBASTIANO RICCI  
1688 Bologna -  
1735 Venice  
"The Madonna and Child  
Appearing to  
St. Benedict and  
Other Saints"  
Oil on panel  
56 x 37 cmJULIUS BÖHLER  
Kunsthaus Zürich  
Brühlstrasse 14  
8002 Zürich  
T +41 43 25 11 15  
F +41 43 25 11 16Die  
43. Kunst-  
Messe  
MünchenOctober 24 to  
November 1, 1998  
Fair Grounds Munich

The most Important Art Event in Germany.

The 43rd Munich Art Fair is a fascinating artistic experience: leading art dealers from Germany and abroad present objects of highest quality in an exclusive setting. The fair concentrates on paintings, especially art of the 20th century, furniture, crafts and objects from all over the world. All objects exhibited are submitted to strict quality conditions by a jury.

Further information: Makassar Art Fair, Munich, Tel. +49 89 43 25 11 15, Fax +49 89 43 25 11 16, E-Mail: makassar@kunstmesse-muenchen.de, www.makassar.de

For a Free copy of  
The  
International  
Herald Tribune  
Art Guidea compilation of galleries,  
museums, auctioneers...

In Paris write to:

Enza Lucifero

International Herald Tribune  
181 avenue Charles de Gaulle, 92521 Neuilly  
Cedex, France

In New York write to:

Adele Grossman

International Herald Tribune  
850 3rd Avenue - New York 10022Classique et merveilleux  
FRANCIS PICABIA

Galerie Beaubourg

Château Notre-Dame des Fleurs, Vence

OWNER SELLS  
SEVERALImportant Modern  
Paintings

Attractive Prices

Tel: 33(0)1 39 76 47 77

Dutch & Flemish  
OLD MASTERS

Paintings Gallery

Sybille de Voldère

Village Suisse

78, Avenue de Suffren, 75015 Paris  
Tel: +33 (0)1 45 66 54 53

Open every day, except Tue &amp; Wed

## PAUL KLEE

## Traces of Memory

through JULY 23, 1998

fully illustrated catalogue available

## JAN KRUGIER GALLERY

41 EAST 57TH STREET, NEW YORK 10022

TEL: (212) 755-7288 FAX: (212) 980-6079

LEARN  
FILM  
MAKINGWRITE • DIRECT  
SHOOT • EDITyour own short films in our hands-on  
eight week intensive filmmaking  
workshops for individuals with little  
or no prior filmmaking experience.  
Shoot your films with 16mm Arriflex  
cameras in small classes designed  
and taught by award-winning instructors.

## SUMMER 1998

4, 6 &amp; 8 Week Workshops

in the United States:

NEW YORK FILM ACADEMY New York City

PRINCETON UNIVERSITY Princeton, NJ

YALE UNIVERSITY New Haven, CT

UCLA Los Angeles, California

in Europe:

SORBONNE UNIVERSITY Paris, France

CAMBRIDGE UNIVERSITY Cambridge, England

All workshops are fully owned and operated by the New York Film Academy.

the most intensive hands-on

program of its kind in the world

8 &amp; 4 WEEK WORKSHOPS START THE FIRST

MONDAY OF EVERY MONTH IN NEW YORK CITY

## NEW YORK FILM ACADEMY

100 EAST 17TH STREET NEW YORK CITY 10003

TEL: 212-674-4300 FAX: 212-477-1414

WEB PAGE: www.nyfa.com E-MAIL: film@nyfa.com



# Key U.S. and French Officials Agree on Dangers in Kosovo

## But Holbrooke and Vedrine Stress New Effort

By Craig R. Whitney  
New York Times Service

PARIS — Key American and French officials vowed Friday to keep pushing for a diplomatic solution to head off a wider war in Kosovo, but they agreed that chances for success in the Balkan province were uncertain.

"The United States is intensifying its effort, but this issue is going to be decided on the ground in Kosovo," said Richard Holbrooke, one of President Bill Clinton's special envoys to the Balkans, as fighting between Serbian forces and secessionist ethnic Albanian rebels continued.

Mr. Holbrooke, who has been nominated as chief U.S. delegate to the United Nations, spoke before leaving Paris for Belgrade to start another round of talks with Slobodan Milosevic, the president of Yugoslavia, and with Ibrahim Rugova, the political leader of the Kosovo Albanians.

Mr. Rugova is regarded by American and European diplomats as the key ethnic Albanian figure in the negotiations.

In an interview here, Mr. Holbrooke said that Western efforts to press Mr. Milosevic to order Serbian forces to stop attacking the ethnic Albanian rebels were clouded by uncertainty about who spoke on behalf of the lightly armed and poorly organized rebel Kosovo Liberation Army.

The Kosovo rebels have seized about a third of the province in the last few months.

The rebels' goal for Kosovo, which enjoyed wide powers of self-government within Serbia until Mr. Milosevic abolished its autonomy in 1989, is independence.

But this is a goal that no Western country supports.

Mr. Holbrooke said he told that to rebel commanders he met near the provincial capital, Pristina, last week.

The principal American troubleshooter in the Balkans, Robert Gelbard, had a separate meeting in a Western European country a week ago with two exile leaders purporting to speak for the rebels.

"The meeting did not establish that the people with whom he met had authority or influence over the men with guns," Mr. Holbrooke said Friday. "How do you negotiate a cease-fire and a withdrawal of forces when you don't know you are in contact with the people in control?"

The French foreign minister, Hubert Vedrine, who conferred Thursday with Mr. Holbrooke for an hour on strategy to keep the fighting from spreading into Albania and Macedonia, said Friday: "A catastrophe scenario is quite possible despite all our efforts."

But Mr. Vedrine said that the threat of NATO air strikes against Serbia had kept President Milosevic, so far at least, from ordering a full-scale military assault to retake rebel-held areas.

Western officials estimate that Belgrade, which dominates what remains of Yugoslavia — Serbia and Montenegro — has 30,000 troops, 25,000 heavily armed police officers, dozens of anti-aircraft missile batteries and heavy artillery and armor in the province.

Of Kosovo's population of 2 million people, at least 90 percent are ethnic Albanian.

"I don't know how we will resolve the dilemma," Mr. Vedrine said at a breakfast with American and British reporters. "If Milosevic orders a big operation, we cannot remain inactive."

France, a NATO ally, supported defense planning last month by allied defense ministers to prepare for the possible use of force to stop the fighting, Mr. Vedrine said. But he added that the United Nations Security Council should give approval before the allies acted.

Both Russia and China, permanent members of the Security Council with the power to veto decisions, are opposed to military intervention in Kosovo.

Mr. Vedrine could not say Friday what France would do if Serbia unleashed a full-scale attack and the Russians vetoed a Security Council resolution authorizing NATO to act.

U.S. officials have said United Nations authorization would be desirable but they do not think it would be indispensable.

Russia has worked with the United States, Britain, France, Italy, and Germany in the group of nations monitoring the cease-fire that Mr. Holbrooke brokered in Bosnia in 1995, and it has urged President Milosevic to pull back his forces in Kosovo.

"If we have to use force, and we may, and if we want to without United Nations authority, we would not be in a position to insist that Russia, China, Nigeria or other countries cannot use force without United Nations authorization," Mr. Vedrine said.

But he added he did not believe either Russia or China had said their final word yet on Kosovo.

Mr. Vedrine and other French officials said they had pushed allied military planners in Brussels to come up with as wide a range of military options as possible to keep up diplomatic pressure.

"If the only option was to bomb strategic Serbian military and communications sites, throughout the country, the next day the Kosovo Liberation Army could declare Kosovo a sovereign republic, Albania could join in supporting it, and the war could spread to Macedonia and beyond," Mr. Vedrine said.

"The use of force could provoke exactly the opposite of the desired result."

"There is no simple military option we haven't taken simply because we were afraid to do so," Mr. Vedrine insisted, leaving diplomacy as the only alternative.

"What we have to do is keep Rugova afloat and in a dialogue with Milosevic," he said.

The goal of the dialogue, Mr. Holbrooke said, was restoring autonomy to Kosovo and stopping the fighting.

He said that Christopher Hill, the U.S. ambassador to Macedonia, would continue to shuttle between Serbian and

ethnic Albanian officials to facilitate negotiations.

Face-to-face talks started briefly in May but were suspended after Serbia started attacking rebel positions.

The rebels, apparently financed and armed by large ethnic Albanian communities in Germany, Switzerland, France and Italy, did better than Mr. Milosevic expected, Western officials believe.

"If we fail to prevent this war, at least, unlike Bosnia, we will have made an all-out effort, including a U.S. diplomatic effort, close coordination with the contact group, and NATO involvement, none of which existed in Bosnia in the early 1990s," Mr. Holbrooke said Friday.

"If they had, we could have prevented the tragedy there. There's no dishonor in a full-court press in Kosovo."

■ **Serbs Said to Break a Siege**

Serbian security forces recaptured a key crossroads area in Kosovo on Friday, breaking a siege of more than two weeks by ethnic Albanian militants, The Associated Press reported from Pristina.

The retaking of Kijevo was reported by both Serbian and ethnic Albanian sources and confirmed by Western diplomats.

Journalists were not immediately allowed into the area.



The NATO secretary-general, Javier Solana Madariaga, arriving Friday at Bellevue Castle in Berlin for the Bertelsmann Conference to discuss political issues, primarily the conflict in the Serbian province of Kosovo.

# With Misgivings, Austria Guides Europe to East

By Barry James  
International Herald Tribune

VIENNA — For Austria, enlarging the European Union to the east — the task for which it assumed oversight when it took over the EU presidency this week — is no abstraction.

It shares 1,300 kilometers of frontiers with countries that have applied for membership in the EU. A large swath of former Communist territory lies to the West of Vienna, not just to the East. The border with Slovakia is a day's walk away from Vienna. And 5 million people in the candidate countries are within commuting distance of Austrian cities, where wages are often nearly twice as high as at home.

Polls show that a majority of Austrians oppose enlargement, a process that the EU formally initiated this year. They fear that it will cost them jobs and bring a surge of immigrants, insecurity and crime — like the apparent gangland bombing in Budapest this week and a recent mafia shoot-out in Vienna.

But all sides in the left-right coalition government agree that enlargement is

inevitable, and that the only question is not if but when. The EU agreed earlier this year to open accession negotiations with Estonia, Poland, Hungary, the Czech Republic, Slovenia and Cyprus. Five other countries — Lithuania, Latvia, Slovakia, Romania and Bulgaria — also are candidates.

"It is not only the enlargement but the completion of Europe," said President Thomas Klestil. "It is a moral obligation. It is politically important. It means that we will no longer be on the border. We will be at the heart of Europe again."

But Mr. Klestil acknowledged that he and the government faced a difficult task in overcoming public skepticism, and in persuading people that reuniting countries that were part of the Austrian empire for hundreds of years would be like the reunification of a divided family.

"We have profited more than any other country from the fall of the Iron Curtain," he said. "We have created 60,000 jobs and set up 15,000 joint ven-

tures. But how do you tell this to the border regions, which already have a lot of problems? Just across the border, wages are 75 percent lower. Many factories already have closed and gone to the other side. The balance is positive, but this is hard to explain to the guy who's just had to close his shop or has lost his job."

Mr. Klestil's assessment is shared by leading bankers, industrialists and politicians, even if it is contested by much of the press and the far-right Freedom Party.

Since Austria joined the EU about three years ago, it has created 110,000 jobs and increased its trade with the East to 6 billion schillings (\$468 million) a year from 3.5 billion schillings, said Andreas Khol, parliamentary leader of the conservative People's Party.

"We have a deficit in our trade balance with the rest of the EU and a huge surplus with our neighbors," he said. With enlargement, he added, "we will invest there and they will work here."

**Politicians see a 'moral obligation' to expand the EU.**

## FLORIDA: Thousands Flee Fires

Continued from Page 1

Many fireworks displays planned for the Independence Day holiday Saturday also were canceled for fear they might spark more wildfires.

Volusia and Brevard counties were experiencing the worst of about 1,600 fires of varying sizes and degrees of containment that raged around the state. With neither rain nor lower temperatures in sight, said the situation may worsen before it gets better, state officials said.

Scarce rain and record high temperatures this year have caused the worst drought in 50 years, making Florida vulnerable to fires started by lightning strikes or arson. On average, such wildfires burn about 100,000 acres of Florida each year, state officials say. But since June 1, fires have burned more than 280,000 acres, mostly in the northern and northeastern areas, the officials said.

Despite the danger, no deaths and only about 50 injuries have been reported. But after burning mostly brush, forest and commercial timber tracts, this week the fires have spread to people's doorsteps, causing the largest evacuations so far and tremendous dislocation for both residents and tourists.

Exhausted firefighters have begged Governor Lawton Chiles to provide additional equipment. But Mr. Chiles, on a tour of the ravaged landscape, said Thursday with regret that every state resource already had been put into service. And weather forecasts for the holiday weekend, usually one of the busiest of the year for Florida tourism, offered little prospect of natural relief.

Florida has never had fires like this before, never had a situation where we're fighting the weather like this before," Mr. Chiles said during a tour of the emergency operations center in Daytona Beach, noting that every available bulldozer and water-bearing helicopter was at work.

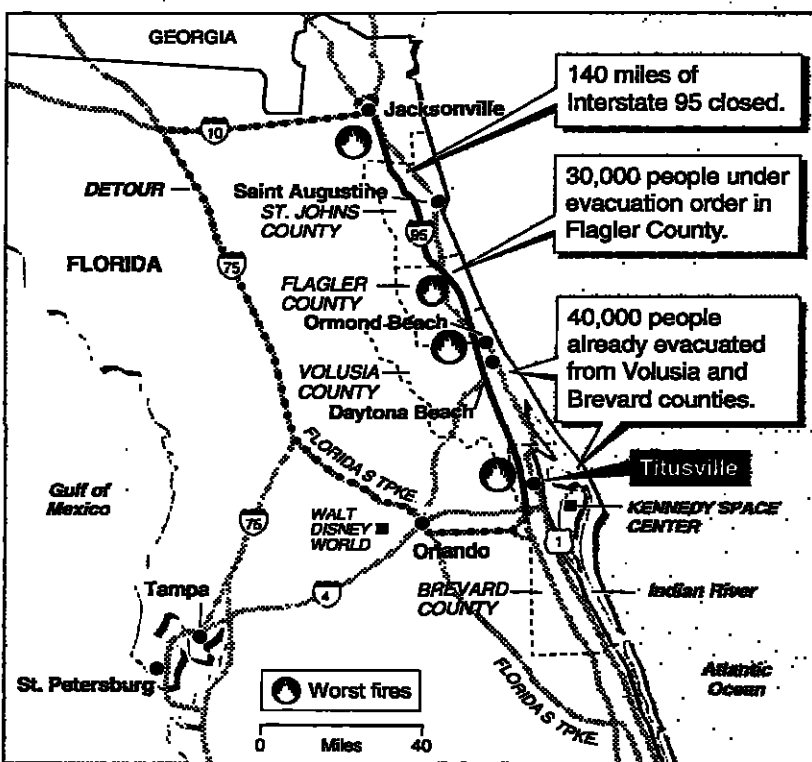
"We're having 90 to 100 new fires a day," he said.

Meanwhile, tourism officials scurried to reassure vacationers — among the nearly 4 million who visit Florida each July — that they could reach their destinations in the state.

"There are alternate routes to all areas of Florida," said Robin Knight, a spokeswoman for Visit Florida, the state tourism department. "All cities are still open, all beaches, all attractions for visitors. There's no risk going there."

Auto-racing fans were bound to be disappointed, however, with the postponement of the Pepsi 400 race at Daytona International Speedway.

The president of the Speedway, John Graham, said the postponement until Oct. 17 was "the right thing to do." The 39th annual Daytona race was to have been the first nationally televised and the first held under lights at night, an effort to increase attendance by avoiding the temperatures that are high even during a normal Florida summer. (NYT, AP, WP)



## CYPRUS: Threat of Conflict Averted

Continued from Page 1

proved air-traffic controls over the Aegean and cut the risk of incidents between Greek and Turkish warplanes.

The need to improve confidence about surveillance capabilities in Athens and Ankara will also be served by the U.S.-built frigates, all of which can carry advanced radar and other detection equipment. These warships' main mission would be to provide surface-to-air defenses.

Turkey has challenged the Greek Cypriots' move to acquire ground-based missiles because it says they would threaten Turkey's ability to move rapidly, if necessary, to protect Turkish

Cypriot territory on the island, which has been divided since 1974.

In the latest muscle-flexing exercise, warplanes were stationed this week, apparently temporarily, on opposing sides of the island by Turkey and Greece. The Greek fighter-bombers used an airstrip that has been lengthened by the Greek Cypriots in preparation for delivery of the missiles by Russian cargo planes.

Military tensions have been rising between Greece and Turkey over Cyprus and over their own islands in the Aegean Sea for months, especially after a European Union decision this year to make Cyprus a candidate for early EU membership while telling Turkey that it could not yet be considered.

## NIGERIA: For a Change, Good News for Africa in a Small Step Toward Democracy

Continued from Page 1

Pope John Paul II appealed to General Abacha to free the political prisoners and get exactly nowhere.

The Clinton administration sent signals to General Abacha that it would not accept as a reform measure his plan to run as a civilian in elections planned this August.

But then Mr. Clinton grew so frustrated with the lack of movement that he said in Cape Town, "If he stands for election, we hope he will stand as a civilian."

That apparent concession brought no constructive response, either.

Then General Abacha died unexpectedly of a heart attack on June 8, to be succeeded by his colleague in the ruling junta, General Abdulsalam Abubakar.

And General Abubakar, to the surprise of Nigerians and diplomats alike,

headed by Tony Lloyd, a minister in the Foreign Office, visited Nigeria last week-end, and an American group, headed by Undersecretary of State Thomas Pickering, is to head there this weekend.

"This is a carefully orchestrated process," a European official said, "not a deal exactly, but everyone understands the transaction here."

"You might call it a political cease-fire leading to the release of hostages."

So far, General Abubakar has managed to hold the junta and the officer corps together, although some analysts in the United States said they feared that many officers were less committed than their leader to national reconciliation.

Presuming that the prisoners are released, General Abubakar's next major task will be to restore not only the army's self-respect but also its standing in the country.

The changes are expected to raise the price of cars from \$300 to \$600 in the next two years. Car-makers will need to invest about \$65 billion to meet the new standards, according to European Union officials.

The oil industry estimates it will cost \$35 billion to put the program into effect, with most of the money being spent in southern Europe, where many refineries have not kept up with new technology. Most of the higher costs are expected to be passed on to consumers.

"We shall have cleaner air in our cities and fewer and less severe ozone episodes in the summer," said Ritt Bjerregaard, the EU environment commissioner.

One of the toughest fights, but one that brought environmentalists and carmakers together, was over the permissible levels of sulfur, a pollutant that contributes to heat haze and breathing problems. Car-makers contended that improved engines and converters would not cut pollution from exhausts unless the sulfur level of diesel fuel and gasoline was set at a maximum of 30 parts per million.

But officials from the south, including France, Greece, Portugal and Spain, fought against lowering the sulfur content quickly, saying the cost to refineries would be too much too soon. They won with a rule that allows 50 parts per million of sulfur until 2005.

This move angered the more environmentally committed North Europeans, who said the southern officials were protecting and rewarding their often antiquated oil refineries.

"We do have a breakthrough," said Frazer Goodwin of the European Federation for Transport and Environment. "But we could have done much better. If you want to tackle air quality quickly you improve the fuel, but some governments are unwilling to push their refinery industry."

## EU Unveils Tough Rules To Cut Auto Emissions

By Marlies Simons  
New York Times Service

BRUSSELS — People in Europe's car-filled cities are likely to start breathing a little easier in the next few years because of tough new anti-pollution rules announced in Brussels this week by the 15-member European Union.

The rules, which ban the use of leaded gasoline, require many car engines and all fuels to become cleaner by 2000. Even tougher standards will go into effect in 2005. With the changes, governments hope to cut as much as 70 percent of the pollutants in emissions from cars, which regularly foul the air in some of Europe's most beautiful city centers.

Car owners in Europe have to contend with gasoline that is often taxed up to 75 percent and is among the most expensive in the world, yet heavy traffic clogs most cities and often cloaks them in an ozone haze.

But the European Union has set broad air-quality standards for the next decade that are among the strictest in the world, and the new rules are part of the strategy for achieving them.

With these new rules, environmentalists feel somewhat vindicated: they have long contended that the know-how exists to let millions of city people breathe cleaner air, but the political will has been lacking.

The cleaner engines and fuel should drastically cut back the mix of nitrous oxides, carbon monoxide, hydrocarbons and soot.

The anti-pollution agreement was the result of long and often difficult negotiations among representatives of industry, governments and environmental groups.

Compromises were made on all sides. The parties agreed that all leaded gasoline would be banned from 2000, with one exception. Owners of vintage cars will be allowed to buy small quantities of leaded fuel, which the older cars need to run. Sulfur content must be reduced in gasoline and diesel fuel.

New cars must be fitted with a computer that monitors emissions and warns when there is a failure in the catalytic converter.

The first phase will apply to passenger cars and small trucks. Regulations for large trucks and buses will follow.

The changes are expected to raise the price of cars from \$300 to \$600 in the next two years. Car-makers will need to invest about \$65 billion to meet the new standards, according to European Union officials.

The oil industry estimates it will cost \$35 billion to put the program into effect, with most of the money being spent in southern Europe, where many refineries have not kept up with new technology. Most of the higher costs are expected to be passed on to consumers.

"We shall have cleaner air in our cities and fewer and less severe ozone episodes in the summer," said Ritt Bjerregaard, the EU environment commissioner.

One of the toughest fights, but one that brought environmentalists and carmakers together, was over the permissible levels of sulfur, a pollutant that contributes to heat haze and breathing problems. Car-makers contended that improved engines and converters would not cut pollution from exhausts unless the sulfur level of diesel fuel and gasoline was set at a maximum of 30 parts per million.

But officials from the south, including France, Greece, Portugal and Spain, fought against lowering the sulfur content quickly, saying the cost to refineries would be too much too soon. They won with a rule that allows 50 parts per million of sulfur until 2005.

This move angered the more environmentally committed North Europeans, who said the southern officials were protecting and rewarding their often antiquated oil refineries.

"We do have a breakthrough," said Frazer Goodwin of the European Federation for Transport and Environment. "But we could have done much better. If you want to tackle air quality quickly you improve the fuel, but some governments are unwilling to push their refinery industry."

That will not be easy. General Obasanjo, already released by the new government, said recently that the army had become "a liability to the nation," with "no credibility."

The military is one of the few truly national institutions in Nigeria, where the Yoruba in the southwest, the Hausa in the north and the Ibo and others in the southeast have often been at odds.

Obafemi Awolowo, one of the country's leaders in the early postcolonial days of the 1960s, once said: "West and East Nigeria are as different as Ireland from Germany, and the north is as different from either as China."

These differences greatly complicate matters. Mr. Abiola is a Yoruba, and the army, as always, is dominated by Hausa officers.



Unreliable  
gh Rules  
Cut Auto  
missions

## South Korea to Sell Off Stakes in 11 Companies

Seoul Hopes to Earn Up to \$8 Billion by 2000

By Don Kirk  
International Herald Tribune

SEOUL — The government announced a sweeping program Friday for privatizing a wide range of industries, including Posco, the showcase Pohang Iron & Steel Corp.

The Planning and Budget Commission said the government's shares in Posco and four other state-owned companies and their subsidiaries would go on sale immediately. Another six would be privatized over a four-year period, with the government hoping to earn as much as \$8 billion by the year 2000.

The announcement set off a wave of speculation about how and exactly when the government would carry out the program — and who would be the most interested buyers.

Offering no specifics, the commission chairman, Jin Nym, said the government would sell "stocks and assets or issue of exchangeable bonds and depositary receipts." The timing, he said, would be decided later "to maximize the value of the privatized corporations."

The news that the government would sell its entire 26.7 percent stake in Posco, the world's second-largest steel producer after Nippon Steel Corp., shocked workers at the company's headquarters here. "It's a small revolution," said Lee Jong Sung, an assistant manager. "We hardly expected that."

The plan calls for the government to withdraw restrictions on individual as well as overall foreign ownership of

Posco by the year 2001. The first stage of the plan calls for raising the limit on individual ownership of Posco shares from 1 percent to 3 percent while foreign ownership is held to 30 percent.

Analysts said Posco, founded 30 years ago as the country's single most prestigious industrial project at the height of the rule of President Park Chung Hee, could fall under foreign control. Even now, said Hwang Ki Doo, steel industry analyst at W.I. Carr securities, foreign investors "could form a consortium and completely take over the company" as soon as the stocks go on sale. Shares in Posco increased 3.55 percent Friday as word spread of the impending announcement.

The decision to sell the government's stake in Posco and other companies, some of them criticized as extremely inefficient, reflected not only the government's need for cash but also an evolving free-market philosophy.

Advisers to President Kim Dae Jung have been urging him ever since his election campaign last year to get rid of government equity in state companies. Among those calling for privatization was a former Posco chief, Park Tae Jun, a key political leader.

"It's great, but it's kind of an inevitable decision," said Song Byung Jun, a director at the Korea Institute for Industrial Economics and Trade. "We can make money very quickly this way."

Privatization of national companies, like the shutdown of money-losing private firms and the closure of heavily indebted banks, fits in with the prescription for recovery outlined by the



TAX TALE — Vladimir Zhirinovskiy, a Russian opposition politician, gesturing Friday at a Moscow protest against the government's moves to collect taxes from the gas company Gazprom. Page 12.

International Monetary Fund in putting together a rescue package of nearly \$60 billion in loans for South Korea last December.

The program drew quick criticism

from labor unions, fearful that investors, seeking to turn marginal operations into profitable ones, would lay off many of the 150,000 workers at the 11 companies and their subsidiaries.

## Japanese Leader Sees Permanent Tax Cuts

Stocks Rise but Economists Are Skeptical

By Sheryl WuDunn  
New York Times Service

TOKYO — Prime Minister Ryutaro Hashimoto suggested Friday that Japan might adopt permanent tax cuts to revive the economy and calm the financial markets.

Such a move would delight many investors and please the United States, which has urged permanent tax cuts and other far-reaching measures to bolster the Japanese economy and reduce the risk that the recession here will spread around the globe.

But Mr. Hashimoto's comment was vague, and on Wednesday, Kaneko Muraoka, chief cabinet secretary, temporarily chilled expectations of a tax cut by saying that it would be discussed only after parliamentary elections on July 12.

Many foreign officials have also learned to be wary, thinking that Mr. Hashimoto sometimes is in a position to promise more economic measures than he can deliver.

"I expect that tax system reform will be implemented on a permanent basis, rather than in the form of a temporary tax cut," Mr. Hashimoto said in Kunitomo, where he was campaigning for the elections in southwestern Japan. "I believe this will materialize."

Mr. Hashimoto said in April that the government would carry out a one-time income tax cut of about \$15 billion, on top of a similar tax cut that went into effect earlier this year and another one to take place in a couple of months.

But on Friday, Mr. Hashimoto made no mention of the size of the new tax cut, or whether the government would simply turn the current temporary tax cuts into permanent ones.

Some economists are also skeptical that any tax cuts would actually be permanent, for they say the government will be forced to raise taxes at some point in the near future.

Nonetheless, Mr. Hashimoto's comments lifted the benchmark Nikkei 225 stock market index, which was down at the opening by 160 points, the morning after the government unveiled a blueprint to tackle the nation's bad debt problem. The index closed Friday at 16,511.24, up 39.66 points, or 0.24 percent from Thursday's close.

The yen also zigzagged, with the dollar closing in Tokyo at 138.20 yen after Mr. Hashimoto's remarks, compared with 140.875 yen in New York on Thursday.

The stock market has risen for eight straight days, partly in anticipation of a

tax cut and hopes that the government's blueprint, called the "Total Plan," will clean up the bad loan mess in much the same way that the United States solved the crisis in the savings and loans industry in the 1980s.

Indeed, the plan is closely modeled off of the mechanism set up by the Resolution and Trust Corporation in 1987.

But doubts began to surface Friday about exactly how much the program will actually accomplish. Japanese newspapers voiced concern that the bridge bank system, the centerpiece of the Total Plan, may not apply to the large banks that are at the heart of Japan's financial system. Instead, the plan may be used only in regional areas, for medium-sized or small financial institutions.

The Mainichi Shimbun, a major daily newspaper, said in an analysis Friday that it is not so clear if there will be a series of bank failures. It said that bridge banks may only be used in failures at the regional level, with assets of several tens of billions of dollars.

"Even in the United States, bridge banks were never applied to major bank failures," it said. It added that one reason is that it would be extremely hard to find a buyer for a financial institution with assets of several hundred billion dollars in a short period of time.

Indeed, Finance Ministry officials on Friday reaffirmed the government's policy of "too big to fail," which is essentially an assurance that it will not let large institutions go under. The government has had memories of the collapse last November of Hokkaido Tokai Bank, an incident that provoked a sudden liquidity squeeze in the nation's banking system and fanned fears of a financial meltdown.

The focus of the Total Plan is a two-stage bridge bank system designed to avoid triggering chaos in the financial system when a bank collapses. To do this, the government plans to appoint special administrators to run the failed institution and to support healthy borrowers of the failed bank while it searches for a merger partner.

If that does not work, then the collapsed bank's business would be taken over by a state-owned bridge bank set up with public funds.

Government officials said Friday that in theory, the plan could certainly be applied to any institution, but that in

See JAPAN, Page 12

## ECONOMIC SCENE

## Hungarian Workers Give U.S. City Buses a Good Start

By Peter S. Green  
International Herald Tribune

BUDAPEST — Back in the late 1980s, in the waning days of the Communism regime, Ikarus, the Budapest-based bus manufacturer to the Soviet bloc, tried its hand at what was then an innovative venture.

In a partnership with an Alabama industrial company, it figured it could use low-cost Hungarian materials and labor to capture a share of America's lucrative market for city buses. Ikarus supplied empty shells from Hungary that were filled with American-made parts and engines at the Union City Body Co. in Anniston, Alabama, and delivered to U.S. transit authorities.

The key to the venture was a U.S. law that requires buses purchased with federal funds — virtually all city buses in the country — to have a minimum of 65 percent American-made content.

But the business suffered from bad management and failed to take off until an enterprising Hungarian emigrant named Peter Rona saw an opportunity. In 1993, his First Hungarian Fund Ltd. revived the project, taking a 75 percent stake and injecting \$1.45 million in cash, leaving state-owned Ikarus with 25 percent.

Today, the renamed North American Bus Industries, or NABI, not only capitalizes on the U.S. law that lets it build 35 percent of the bus in Hungary, but also is freed from stagnant, Communist-era management.

It counts among its customers Washington, Milwaukee, Honolulu and Philadelphia. A network of U.S. sales agents and frequent trips to the United States by Hungarian executives have helped to gain NABI a 14 percent share of the U.S. market, which with federal funding holds steady at about 3,500 buses a year.

Analysts say the company is a textbook example of how marrying Western management techniques and financing to Hungary's skilled, low-wage work force and innovative engineering has created the backbone of the country's economic recovery.

Following NABI's successful launch on the Budapest stock exchange last Au-



A welder working on a bus chassis at the company's plant in Budapest.

gust, First Hungarian owns 54 percent of the company, with the rest held by institutional and other portfolio investors.

Although the price of NABI's shares has fallen more than 20 percent since then, along with most Hungarian equities, Merrill Lynch & Co. estimates that at a price-to-earnings ratio half that of last year, earnings per share could climb 71 percent this year. The company posted net income of \$3.013 million for 1997, and Merrill Lynch forecasts earnings of \$5.160 million this year.

Labor costs in Hungary are a fourth of those in Alabama, said Peter Horvath, NABI's finance director, one of the young executives that Mr. Rona recruited to enliven the bus company.

"Originally, our advantage was cost," he said, adding, "our other big advantage is the design team."

In the United States, Mr. Horvath said, top engineers typically end up designing cars in Detroit or spacecraft for the National Aeronautics and Space Administration. U.S. bus makers, he said, are not particularly innovative.

In Hungary, which has virtually no domestic car industry, NABI can attract some of the best engineers to design buses. Working with sophisticated computers in NABI's headquarters on the edge of Budapest, the engineers use three-dimensional modeling to design buses and parts. Because each customer may have different requirements for

seating, wheelchair access and other factors, fresh design ideas are essential.

NABI's main models are a 40-foot bus and a 60-foot articulated bus, both built under license from Ikarus. But the company's engineers have also developed two wholly original models — low-riding, so-called low-floor buses, which do away with the awkward, steep steps of most American city buses. Low-floor models are easier for elderly and handicapped riders to use.

Bob Mitchell, a quality inspector visiting NABI's plant to check buses being built for the Phoenix, Arizona, transit authority, was happy with what he saw.

"I'm extremely impressed with the NABI bus, the way it's manufactured, the quality of the workmanship, the strength of the bus and the quality control steps they take to keep these buses going long into the future," he said.

On the grimy, battered concrete of the factory floor quality is verified by jump-suited company inspectors who check every step on the production line. While most passenger car factories are filled with welder-welding robots, NABI's bus plant has few. In the large sheds that make up the crowded plant, workers are welding, grinding, bending and bolting metal parts by hand to make the chassis. Volumes are too low and the parts too intricate for robots to be viable.

Last year, NABI built about 430 buses, and in 1998 it is planning to build 470. NABI's spokesman, Akos Ersek, says that leaves the company with another 6 percent of the U.S. market in its reach.

"If we go above 20 percent market share, we would have to fight very hard for new contracts," he said, "and that would hurt our profitability."

Instead, NABI is investing in designing the first commercial bus for the United States to be built on a carbon-fiber chassis. Expected to be 25 percent lighter than conventional, steel-chassis buses, it will offer substantial savings on fuel and maintenance. With a carbon-fiber bus, NABI officials say they may eventually attack the European market. But "Buy European" rules mean they will probably have to wait until Hungary becomes a member of the European Union, sometime after 2003.

## German Joblessness Falls

Kohl Seeks Election Help With Early Report

Bloomberg News

BONN — The jobless rolls in Germany fell by 120,000 in June, the biggest decline since German reunification, the government said Friday, a report intended to bolster Chancellor Helmut Kohl's re-election bid.

The unemployment rate, unadjusted for seasonal changes in the work force, fell to 10.5 percent in June from 10.9 percent in May, the government said. Joblessness fell by 50,000 in Western Germany and by 70,000 in the East. That lowered unemployment to an unadjusted 8.9 percent from 9.1 percent in the West and to 17.2 percent from 18.1 percent in the East.

It was the second straight month for which Mr. Kohl's government published figures before the official report by the Federal Labor Office. The Federal Statistics Office is to release the official June report Tuesday. Analysts said the government was acting to bolster Mr. Kohl's election chances; in the polls he trails Gerhard Schroeder, the Social Democrat, by at least 6 percentage points with only about 11 weeks before the Sept. 27 vote.

The reduction in joblessness suggests that Germany's export-led economic recovery is starting to create jobs, al-

though many analysts attributed June's jobless decline, especially in the former East Germany, to government-subsidized job creation and training programs. While an improving jobs picture might not rescue Mr. Kohl, one analyst said it could lure enough votes to force a broad coalition among conservatives and Social Democrats.

Mr. Kohl said he expected the number of unemployed to fall below 4 million from the current 4.2 million by autumn.

■ Faster Growth Seen in France

The French economy should expand by 3.2 percent this year, its fastest pace since 1989 and more than the government's own forecast, according to the National Statistics Agency, Bloomberg News reported from Paris.

Job creation will increase consumer spending, while low interest rates and the need to revamp factories will lift company investment, the agency said. That, it said, will ensure that the economy, the fourth-biggest in the world, expands more than most others in Europe after growing 2.3 percent in 1997.

The government and many private economists expect growth of 3.0 percent this year as stronger domestic demand offsets lower exports to Asia.

## CURRENCY & INTEREST RATES

| Cross Rates |      |      |      |      |        |      |      |      |      | Libor-Libor Rates |      |      |      |      |        |      |      |      |      | Key Money Rates |      |      |      |      |              |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |        |
|-------------|------|------|------|------|--------|------|------|------|------|-------------------|------|------|------|------|--------|------|------|------|------|-----------------|------|------|------|------|--------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|--------|
| July 3      |      |      |      |      |        |      |      |      |      | July 3            |      |      |      |      |        |      |      |      |      | July 2          |      |      |      |      |              |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |        |
|             | \$   | £    | D.M. | FF.  | ¥      | HK\$ | NT\$ | ₹    | ₪    | Dollar            |      |      |      |      | D-Mark |      |      |      |      | Swiss Franc     |      |      |      |      | French Franc |      |      |      |      | Yen  |      |      |      |      | ECU  |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |        |
| Australia   | 2.01 | 1.17 | 1.74 | 1.36 | 117.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1-month           | 5.50 | 5.50 | 5.50 | 5.50 | 5.50   | 5.50 | 5.50 | 5.50 | 5.50 | 5.50            | 5.50 | 5.50 | 5.50 | 5.50 | 5.50         | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50</ |

## GM Strike Cutting Off Dealers' Popular Models

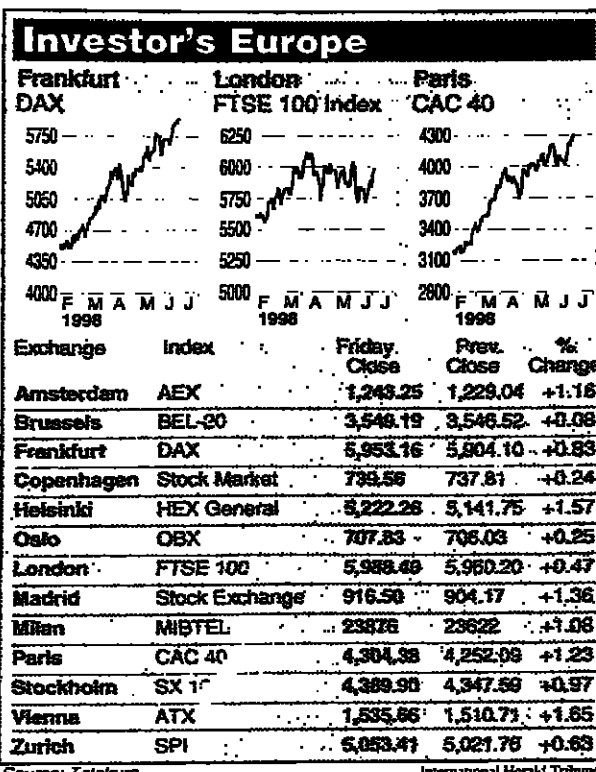
By Keith Bradsher  
New York Times Service

SYLVANIA, Ohio — Ask David White Jr., a Chevrolet dealer here, how long he can last during the current General Motors strike, and his initial response is full of confidence. Two months, because he has about 220 new cars and trucks in stock and typically sells 110 a month.

But ask about supplies of specific models, and the confidence fades. There are lots of slow-selling Lumina and Prism sedans, plenty of Astro full-size vans and



## EUROPE



## Very briefly:

- Nedcor Ltd., Standard Bank and Absa Group Ltd. of South Africa raised their prime lending and mortgage rates, the third time in a month that commercial banks have done so. The move deepens the prospects of recession amid a sharp drop in the currency, the rand.
- The Bank of Spain left its benchmark interest rate unchanged at 4.25 percent, as expected.
- Liberty PLC shares fell 11.4 percent to 195 pence (\$3.24), down 25 pence after the troubled British clothing retailer and fabric printer reported a loss of £12.5 million for the fiscal year, after a profit of £4.0 million a year earlier.
- Lafarge SA of France said it would combine its industrial paint businesses with the Sigma Coatings subsidiary of Petrofina SA of Belgium in an operation with about 7 billion French francs (\$1.15 billion) in annual sales. Petrofina will hold a majority stake in the new concern.
- Fininvest SpA, the holding company of Silvio Berlusconi, the former prime minister of Italy, said it was studying plans to move about 1.5 trillion lire (\$837 million) worth of real estate into a separate unit and sell a stake in it to investors.
- Adecco SA, the Switzerland-based employment-services company, said it had raised 310 million Swiss francs (\$202.3 million) from the sale of new shares to be listed in Paris and Zurich, helping it repay debt.
- The European Commission said it might sue Italy over restrictions on chocolate imports from other European Union countries. The EU's single market commissioner, Mario Monti, gave Italy two months to react to charges that it broke European law by forcing chocolate made using fats other than cocoa butter to be labeled as "chocolate substitute."
- Vickers PLC completed the sale of Rolls-Royce Motor Cars to Volkswagen AG for £479 million (\$794.7 million). The price, in addition to the £430 million bid, includes £38 million to reflect an increase in the value of Rolls-Royce assets since the beginning of the year and £11 million to refund cash in Rolls-Royce accounts.

## Russian Duma Passes Tough Tax Code

MOSCOW — Russia's lower house of Parliament, the State Duma, approved the main section of a landmark tax code Friday, in a move intended to revive the country's moribund investment climate, raise tax receipts and help it get financial aid.

The passage of the budget code is a key condition for an International Monetary Fund loan of up to \$15 billion needed to avert a ruble devaluation and to ease a government cash shortage.

The Duma also passed a new tax code designed to improve collection, another important condition for the loan.

Russia's benchmark RTS stock index closed 4.9 percent higher, or 7.12 points, at 151.33 as the new tax and budget codes are seen as a crucial test of Russia's commitment to reforming its finances.

"I think it really ought to be taken well. This definitely has the feel of progress, which is something everyone has been waiting for."

Joel McDonald, an adviser to the Russian government on a previous version of the tax code and a tax lawyer at Salans Hertzfeld & Heilbronn in Moscow, said the Duma's passage of the general part of the code was only the start of reform.

The lower house must pass the section in a final, formal reading expected on July 15, but it must also handle three other sections, special parts which would define which and how much tax regional, federal and local government could levy.

In the overall context of tax reform in Russia, this is one of the vital areas, defining the rights of taxpayers vis-à-vis the tax authorities," he said of the general section.

"But it will not bring a lot of relief for investors, since all the taxes are included in the other parts, which are inherently more controversial and more complex. How can you prepare the 1999 budget without the special parts?"

The Duma approved the tax code general section, which sets out the

rights of taxpayers and defines the basic form of the tax system and which outlines rules for preparing and fulfilling the annual state budget, a key condition for an International Monetary Fund loan.

The budget code also outlines accountability for violations of budget laws and the powers of the cabinet, Ministry of Finance, and state treasury in the preparation and fulfillment of the budget.

The government has pledged to increase revenue by at least 42 bil-

lion rubles (\$6.77 billion) this year. Boris Fyodorov, head of Russia's tax office, outlined his efforts to improve tax collection a day after winning an agreement from OAO Gazprom, the world's largest gas company and Russia's biggest tax delinquent, to pay 4 billion rubles in taxes a month.

Gazprom owes the government a total of 12 billion rubles in tax arrears — about equal to the total amount of tax the government collected in April.

Government-funded companies owe Gazprom about 13 billion rubles in back payments for supplies, said the Russian deputy prime minister, Boris Nemtsov.

Meanwhile, unpaid Russian miners blocked the strategic Trans-Siberian railway line for three hours on Friday before being removed by the police, a union official said.

"They blocked the railroad, but were forced by Interior Ministry forces to reopen it again," said Nikolai Shirykov, first deputy chairman of the independent coalminers' union.

Shell blamed the depressed outlook for oil prices and difficult financial circumstances in Russia for its withdrawal.

Shell's decision follows a meeting Thursday with its Russian consortium partners RAO Rosneft and OAO Lukoil Holding. The British-Dutch giant said recently it may have to pull out of some projects because of weak oil prices.

In May the Russian government offered a stake of 75 percent plus one share in Rosneft in a privatization tender.

No bids were received at the offer price of \$2.1 billion plus a \$400 million tax arrears and investment obligation, but the offer price has since been cut to \$1.6 billion with a \$62.5 million investment requirement.

Shell's decision came a day after the Russian government forced Gazprom, the world's largest gas company, to quadruple its tax payments to meet arrears.

It underscores the caution that companies such as Shell are taking with investments in Russia in the current climate of low oil prices and higher taxes.

"It is critical that such investment decisions are based on the expectation that our financial targets can be met," Jeroen van der Veer, a managing director of Shell, said. "This has proved not to be the case."

Shell's pullout throws into question just who will bid for Rosneft.

British Petroleum PLC and AO Yukos also were considering a bid and probably have the same fears as Shell, analysts said.

"The general feeling is that the valuation of Rosneft is stretched, and the crude oil price certainly is a factor," said Gordon Gray, an analyst at Salomon Smith Barney.

(Reuters, Bloomberg)

## VW Sales in U.S. Post Best Month Since Early '80s

FRANKFURT — Volkswagen AG said Friday it posted its best U.S. monthly sales in June in nearly two decades.

Europe's biggest carmaker also said it would split its shares 10 for 1 and eliminate their nominal value to make them easier to trade.

VW sold 24,907 vehicles in June, up 90.8 percent from June 1997. The sales results give Volkswagen its best June in the United States since 1980 and its best month overall since 1981.

In the first six months of 1998, VW said it sold 104,081 new cars, up 50.2 percent over the same period in 1997. That represents the best first half for the carmaker since 1986.

U.S. sales were driven by its "New Beetle" model, which made its debut in March. The company said it sold 7,466 units of the car in June and 17,431 units since it went on sale.

VW shares closed up 54.5 Deutsche marks at 1,871 DM (\$1,029). (Reuters, Bloomberg)

## Talk of Tax Cuts in Japan Lifts the Yen

LONDON — The dollar fell against the yen on Friday after Prime Minister Ryutaro Hashimoto suggested that Japan would cut taxes to bolster its economy.

Mr. Hashimoto said in a campaign speech before the July 12 parliamentary elections that he expects Japan "will have permanent tax reform, not temporary tax cuts." An income tax cut could boost consumer spending, fueling economic growth and helping to lift the country from recession.

"Permanent tax cuts will help to underpin consumer confidence," said Steven Mansell, a senior strategist at BNP Capital Markets, who sees the dollar remaining below

140.875 on Thursday. The dollar fell to 1.8122 DM from 1.8200 DM after the German government said the number of people out of work fell 120,000 in June, a larger drop than expected.

U.S. markets were closed Friday for a holiday.

"Certainly tax cuts will improve the economic backdrop," said Keith Edmonds, the chief currency analyst at IBJ International. Still, he said, "it takes a long time for these to take effect" and the yen will probably fall in the coming days.

FOREIGN EXCHANGE

142 yen in the coming days. "Now that Japan has shown its hand, the U.S. will be a little more willing" to sell dollars to help support the yen.

The dollar fell to 139.36 yen in London trading on Friday, compared with a New York close of

140.875 on Thursday.

The dollar fell to 1.8122 DM from 1.8200 DM after the German government said the number of people out of work fell 120,000 in June, a larger drop than expected.

U.S. markets were closed Friday for a holiday.

## Toyota to Construct Design Center in France

TOYOTA Motor Corp. said Friday it would build a design center in France, part of wider efforts by Japan's largest automaker to boost sales in Europe by 25 percent within three years.

Toyota Europe Design Development SARL, to be located on the southern coast of France, will employ between 20 and 30 designers to craft auto exteriors and interiors suited to European tastes, the company said.

The center, which will cost 2.1 billion

yen (\$15 million), will open in 2000, when government restrictions on the number of Japanese-made autos sold in Europe are lifted.

Import controls have helped hold the Japanese to 12 percent of the market, about half their U.S. market share.

Japanese carmakers this year will be allowed to export 1.167 million vehicles to the 15 countries in the European Union, a 4.8 percent increase over last year's limit.

Toyota plans to lift sales in

Europe by a quarter to 600,000 vehicles in calendar 2000. It is building a new factory in the northern French city of Valenciennes and increasing output at its Burnaston, England, assembly plant. Together, those moves will more than triple

Toyota's auto production in Europe to 400,000 vehicles by 2001.

Toyota said last month it may also establish a holding company in Europe to coordinate purchasing, manufacturing and marketing operations there.

## JAPAN: Prime Minister's Support of Tax Cuts Lifts Stock Market

Continued from Page 11

practice, it was more likely to be used in the failures of regional institutions.

Analysts also echoed that view. "The Total Plan may include the largest banks, but the real purpose is the small, secondary regional banks," said Brian Waterhouse, financial analyst at HSBC Securities Japan Ltd. "The major 19 banks have the largest number of loans, but smaller banks have a greater danger of going under."

One Japanese banker, who refused to be named, noted that the process of drawing up the Total Plan and the bridge bank system was driven by Japanese politicians, who mainly have their regional constituents in mind. The failure of a regional bank has a huge impact on that region's economy, particularly on the ailing companies that borrowed from that bank.

"We're going to see greater instability," said James Fiorillo, banking analyst at ING Barings Japan, on the implementation of the plan. "It's not a straight and narrow road forward. It's going to be bumpy."

The government has been particularly sensitive to the markets recently, in light of the beating last month that certain bank shares, such as those of the ailing Long-Term Credit Bank and Nippon Credit Bank, have suffered. And it has criticized foreign financial analysts in the past for fingering the names of weak institutions to the media.

Friday, at a briefing at the Finance Ministry for foreign financial analysts, an official at the Financial Supervisory Agency, which inspects the banks, lashed out at foreign speculators, saying they were "playing their games in the Tokyo market," and using the Tokyo

market as a "playground," by attacking certain bank stocks.

When pressed on this by a reporter, a government spokesman, who appeared rather embarrassed, said that the comments were "improper." Then he asked for the names of the analysts who re-

vealed the comments, saying he would like to clear up any misunderstanding.

When he did not get the names, he explained that the official had been working extremely hard. "He was ill last evening," he said.

"He was not in a good mood."

## GM: Strike Cutting Dealers' Inventories

Continued from Page 11

cent higher than Wall Street's highest estimates, mainly because sales of light trucks had dropped especially fast.

Ronald Zarrella, GM's group vice president for marketing, tried to reassure Wall Street and vehicle shoppers on Wednesday that GM dealers still had ample inventories.

GM has canceled low-profit sales to car rental companies and other fleets, and its dealerships' remaining inventories of cars and light trucks are equal to 70 days of retail sales, he said.

But such figures mask wide differences in the availability of particular models, as well as big gaps among dealerships.

Small cars, on which GM loses money, are still plentiful, but full-size sport utility vehicles, on which GM makes up to \$10,000 apiece, are extremely scarce.

At the same time, some dealerships that started the summer with unusually large inventories are less worried than dealerships that tried to match up orders and sales more closely and now find themselves with little to sell.

In normal times, dealers sell scarce models to one another at close to invoice prices.

But this informal system has broken down now, with dealers nationwide saying in interviews this week that they are hoarding their remaining vehicles and generally selling only to retail customers who pay close to the full sticker price.

The uneven distribution of vehicles poses a problem for GM because customer loyalty to dealerships has been its greatest strength.

More than any other domestic or foreign auto maker, GM relies on sales to previous owners of GM vehicles, a legacy of the days in the 1960s and '70s when GM controlled half the market.

Very few owners of foreign cars, or even owners of other domestic brands, tend to switch to GM, which is one reason why its market share has been slowly diminishing for a quarter of a century.

But now some of those loyal GM customers are coming into dealerships that offer an increasingly limited selection.

To Our Readers

All U.S. financial markets were closed Friday for the Independence Day holiday.

**DO YOU LIVE IN THE U.K.?**

• Subscribe and SAVE up to 53% off the cover price.

• Also available: PAY MONTHLY by easy, low cost, direct debit.

**HAND DELIVERY IN CENTRAL & GREATER LONDON & PARTS OF THE SOUTH EAST.**

A cosmopolitan, comprehensive and concise newspaper delivered every day to your home or office. In Central and Greater London and parts of South East England, the International Herald Tribune offers early morning hand delivery on the day of publication, Monday through Saturday. The result? Unique coverage of the world you live in, brought to you as it changes — daily.

Postal subscriptions are available throughout the UK on the day after publication.

For more information about easy ordering and availability of hand delivery CALL our Subscriber Customer Service Department: TOLL FREE: 0800 4 448 7827 (0800 4 448 7827) or Fax: +44-0171 240 34 17 E-mail: subs@iht.com — Internet: http://www.iht.com

**PAYMENT BY MONTHLY DIRECT DEBIT**

☐ YES, I'd like to subscribe and have my bank account debited monthly by £17. Please start my subscription and send me a bank form to arrange my payment.

**PAYMENT BY CHECK OR CREDIT CARD**

☐ YES, I'd like to subscribe and pay for the following term:

☐ 12 months (+ 2 months free): £210 (Savings off cover price: 36%)

☐ Special 2-month trial subscription: £22 (Savings off cover price: 53%)

☐ My check is enclosed (payable to the IHT)

☐ Please charge my:

☐ Access ☐ Amex ☐ Diners ☐ Eurocard ☐ MasterCard ☐ Visa

Credit card charges will be made in French Francs at current exchange rates.

Card No: \_\_\_\_\_ Exp: \_\_\_\_\_

Signature: \_\_\_\_\_

☐ Please start delivery and send invoice.

**READERS IN OTHER COUNTRIES CAN SUBSCRIBE BY CALLING:**

EUROPE, MIDDLE EAST & AFRICA Tel: +33 1 41 43 93 61 Fax: +33 1 41 43 92 10

THE AMERICAS Tel: (USA toll free) 1-800-882-2884 Fax: +1 212 755 8785

ASIA Tel: +852 29 22 11 71 Fax: +852 29 22 11 99

# INTERNATIONAL FUTURES

July 3, 1998

High Low Latest Chge Opt

High Low Latest Chge Opt

## LONDON METALS (LME)

| Platinum    | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
|-------------|----------|----------|----------|------|
| Palladium   | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Nickel      | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Lead        | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Steel       | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Coal        | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Gas         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Heating Oil | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Jet Fuel    | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |
| Oil         | 1,200.00 | 1,200.00 | 1,200.00 | 0.00 |







## Clinton, in One-Day Visit To Hong Kong, Meets An Urban Nonchalance

By Mark Landler  
New York Times Service

HONG KONG — They call this city the Manhattan of Asia. And on Friday, as President Bill Clinton wound up his visit to China by touring across the city to make a speech, attend some meetings, and do a bit of shopping, Hong Kong treated the leader of the free world with New York-style indifference.

"I'm not paying any attention to him," said Chu Shu-san, a 48-year-old newsstand vendor with a shrug, as he sold copies of papers with Mr. Clinton's picture on the front page. "He's just in transit anyway."

To be fair, Mr. Clinton attracted a good crowd for the speech about the relationship between the United States and Asia. But the audience of local and foreign business leaders responded tepidly to his call for a speedier introduction of democracy to this former British colony, which reverted to Chinese rule a year ago.

"We debated this issue for five years in the 1980s," said Vincent Lo, a leading property developer, in a somewhat grumpy tone, as he rose to leave after Mr. Clinton's half-hour speech.

"We know the good points and the bad points of democracy, and we know we mustn't rush into it."

Mr. Clinton, the first sitting U.S. president to visit Hong Kong, came here three times before entering the White House, and he clearly likes the place.

"I think it's quite appropriate for our trip to end in Hong Kong, because, for us Americans, Hong Kong is China's window on the world," he said.

Still, the 24-hour stop lacked the high drama of his televised debate with President Jiang Zemin, his freewheeling give-and-take with students at Beijing University, or even the solemn welcoming ceremony at Tiananmen Square.

On a rainy day here, few people lined the streets to see Mr. Clinton's motorcade. When the first lady, Hillary Rodham Clinton, and her daughter, Chelsea, slipped away to do some shopping at Shanghai Tang, a boutique that specializes in updated Mao-style clothing, they barely drew a crowd.

Even "Primary Colors," the film adaptation of the satire on the Clinton presidency, has flopped here.

The movie, which opened in Hong Kong the day after Mr. Clinton arrived in China, has earned a fraction of the box-office of the most popular current film, "True Story."

One reason for the lack of drama is that Hong Kong's troubles are more economic than political. People here are

worried about the swooning stock market, the plummeting value of real estate, and the stability of the Hong Kong dollar — topics that do not lend themselves to soaring rhetoric or street theater.

Mr. Clinton praised Hong Kong and China for not devaluing their currencies and he endorsed a \$200 billion plan announced Thursday by the Japanese government to take over failing banks and protect depositors.

The president did not ignore political issues. He applauded the record voter turnout in Hong Kong's legislative elections two months ago, saying that "the results were a mandate for more democracy, not less, and faster, not slower, strides toward political freedom."

After his speech, Mr. Clinton met privately for 20 minutes with Martin Lee, Hong Kong's most prominent democratic politician. Mr. Lee, who lost his seat in the legislature when Beijing dissolved the body before the handover and regained it in the recent elections, told the president he hoped that half of the council's 60 seats would be directly elected in 2000 — compared with 20 seats now.

Samuel Berger, the national security adviser, said Mr. Clinton listened attentively to Mr. Lee but did not express an opinion on any specific proposals to speed up democracy in Hong Kong.

"I don't think it's for us to get into the specifics of what the timetable of that might be," he said.

Despite Mr. Clinton's reluctance to talk numbers, Mr. Lee said the meeting was "terrific." He said the president responded positively to his argument that the "Hong Kong government should be encouraged to develop democracy, so they can see that it works well under Chinese rule."

Later in the morning, Mr. Clinton met several other democratically elected legislators. One participant, Tsang Yok-sing, the head of Hong Kong's largest pro-Beijing party, said the president "showed that he has a positive attitude toward developing a constructive relationship with the Chinese leadership."

After his news conference, Mr. Clinton and his family stopped off for some last-minute shopping on their way to Hong Kong's new \$20 billion airport.

The president's use of the airport is about the only part of his visit that has generated local interest.

Air Force One landed six hours after the departure of President Jiang, who had been in Hong Kong to mark the first anniversary of the handover.

The Hong Kong Standard devoted much of its article on Mr. Clinton to a discussion of the presidential flights.



Chelsea Clinton, daughter of President Bill Clinton, strolling past a Hong Kong club Friday while her father was winding up his China visit.

## CLINTON: China Visit Leaves Good Feeling and Lifts Leaders' Status — but Can It Last?

Continued from Page 1

ical superpower, the United States. Despite the paucity of diplomatic breakthroughs, the friendly, tactful demeanor of Mr. Clinton and Mr. Jiang's bold decision to temporarily loosen the usual tight controls on political discourse helped create a happy feeling about Chinese-American relations.

But the Chinese could be in for morning-after dismay when the unresolved differences rear up again.

These include the United States' huge and growing trade deficit with China and its refusal to consider Chinese admission to the World Trade Organization until painful changes are made to open markets.

American concerns over political and religious freedoms may have been

muffled this week, but China is not about to become a liberal democracy, and concerns about weapons proliferation have not yet been fully satisfied either.

Because of its own economic cycle, its efforts to revamp the vast state-run economic sector and the Asian financial crisis, China may be in for a rough period economically in any case.

Still, the old-guard Communist hard-liners in the government who might lead an anti-American reaction seem to have been routed from real influence over the last year by Mr. Jiang and the pragmatists.

Chinese officials and experts, sounding quite like American officials on the subject, say they hope that the goodwill and low-profile technical ties forged by the reciprocal state visits will help the two countries live through their differ-

## SUMMIT: Clinton Ends Visit With Praise

Continued from Page 1

al rights. The president made it plain that his optimism extends past Mr. Jiang to the larger question of the fate of a regime that Mr. Clinton has described as an authoritarian anachronism — a state that has embraced private enterprise but continues to imprison political dissenters.

Mr. Clinton said that he believed democracy would come to China in his lifetime and likened the timing to the question of when a woman will become president of the United States: It will be a "good thing" when it happens, he said, but is impossible to predict with any precision.

"I believe that leaders of vision and imagination and courage will find a way to put China on the right side of history and keep it there," he said.

Such rhetorical bouquets are sure to be condemned as naive by those — including human rights activists and a wide spectrum of China analysts — with a less-flowery view of Mr. Jiang.

But Mr. Clinton insisted that his optimism about change in China did not rest solely on sentiment or on whether he has correctly viewed the intentions of one person. After going through what he called "wild swings" of history from the communist revolution in 1949 to Mao's Cultural Revolution to the 1989 crackdown on students, the Chinese will in time realize that democratic institutions will give them the stability that totalitarianism has not, Mr. Clinton predicted.

"When people are going through changes, they may not believe this is as morally right as we do, but I think they will be able to see that it is in their interest to do this," he said.

He said that to avoid "these wild swings where society is like a pressure cooker that blows the top off," there must be some institutional way where people who have honest grievances can express them.

Mr. Clinton himself seemed to have little personal rapport with Mr. Jiang,

with both leaders stiffly formal in each other's presence.

At their most recent previous meeting, in Washington in October, the two seemed to be talking directly past each other when they discussed human rights — with Mr. Clinton asserting that rights of individual liberty should be universal and Mr. Jiang repeating the official refrain that what China needed most was social order.

The interaction between the two leaders, though not necessarily their willingness to adapt to the other's views, had clearly changed by the time they stood together for a joint news conference in the Great Hall of the People on Tiananmen Square.

Mr. Clinton's criticisms were politely delivered, even hedged, but the Chinese people watching on television were exposed to a critique of the government that had never been allowed before. On Friday, Mr. Clinton said the session "changed the whole texture of the visit."

That he would sound such an ebullient note at the end of his trip was all the more striking given his team's defensiveness at the start. He left Washington under criticism over China policy on several fronts, from critics of arms proliferation and especially from human rights advocates, for agreeing to be officially received at an honor guard ceremony at Tiananmen Square.

And once in China the problems threatened to get worse, with administration officials fearing a lasting debate when the authorities began detaining dissidents along Mr. Clinton's itinerary.

But aides said they believed the succession of dramatic moments — Mr. Clinton's and Mr. Jiang's debating human rights at the news conference, Mr. Clinton's fielding sometimes-pointed questions from students at Beijing University — would change the political climate over China policy in Washington.

"The problems are still here," said Xiong Zhiyong, dean of the Foreign Affairs College in Beijing. "But I think both sides now understand each other better."

The hope, in Beijing as well as in the White House, is that an overarching sense of partnership will enable these two giants to avoid dangerous conflict — a military confrontation over the Taiwan issue being the worst case — and to reap mutual economic benefits. The Americans, rightly or wrongly, also believe that by engaging China they will nudge it to become more open and democratic.

Chinese people, like Americans, are pondering the meaning of Mr. Jiang's decision to allow televising of an extended discussion of Tibet, human rights and the 1989 killings. It was done in the

most tentative of ways: There was no pre-announcement, ensuring a small Saturday-morning audience, and Mr. Clinton's most direct words on 1989 and the Dalai Lama and democracy were not reported in the official media.

It is unclear how this limited but genuine public airing will play out — whether the Chinese government will feel emboldened to allow more free debate at home, whether people's expectations of free speech will change.

But there is no doubt about the short-term gains, for China as well as for Mr. Clinton.

"The cost to China was relatively small compared to the benefits," said Yasheng Huang, a Chinese-born political economist at the Harvard Business School. "The American public and media were happy with the trip."

## President Urges More Hong Kong Democracy

By Keith B. Richburg  
Washington Post Service

HONG KONG — President Bill Clinton met privately Friday with Hong Kong's leading campaigner for human rights and publicly called for the first time for a quicker expansion of Hong Kong's democracy.

Still, at least one popular politician — Emily Lau, who heads the new Frontier Party — said that Mr. Clinton had not gone far enough because he declined to endorse any specific timetable to move Hong Kong to full democratic elections.

In a morning speech to an audience made up largely of business leaders, Mr. Clinton said the heavy voter turnout in May to elect a legislature proved that Hong Kongers wanted "more democracy, not less." In a private meeting an

hour later with Martin Lee, whose Democratic Party swept to office in that vote, Mr. Clinton reiterated his interest in seeing Hong Kong move faster toward fuller democracy.

Samuel Berger, the U.S. national security adviser, said later that Mr. Clinton's remarks on Hong Kong's democracy were meant to convey a new message here. "I think the statement he made was further than anybody has gone before," Mr. Berger said in an interview. "It's a new statement. It's support for faster democratization."

That theme — that Hong Kong should speed up the pace of its democratization — was also pushed by the U.S. secretary of state, Madeleine Albright, in a meeting with Anson Chan, Hong Kong's top civil servant.

By taking on the issue of Hong

Kong's democracy, the Clinton administration has weighed in on one of the most contentious issues dividing Hong Kong's conservative and cautious government officials and the vocal pro-democracy politicians who have just taken up their seats in the territory's first elected legislature under Chinese rule.

Mr. Lee said after his 20-minute meeting with Mr. Clinton, which included a wide-ranging discussion of democratization across Asia, that he was pleased with the president's strong emphasis on pushing for more pluralism and openness in a region that has long resisted change.

He was the only politician selected to meet privately with Mr. Clinton, solidifying his credentials here as the territory's premier political party leader. Other party leaders later met the president as a group.

## IRAN: The Anniversary of an American 'Crime' Marked in Gulf

Continued from Page 1

Statue of Liberty. The father of a 5-year-old boy dressed his son in camouflage fatigues and draped a banner across his chest that read in English, "Down with U.S.A."

When the ferry reached its destination near the island of Hengnam near the Strait of Hormuz, small pleasure speedboats that the Iranians had transformed into military vessels circled the ferry.

As a white-uniformed navy band played in the summer heat, weeping women and other passengers flung armfuls of red, white and coral gladioli over the side of the boat. Two American-made Sikorsky helicopters flew overhead, dropping flowers into the water.

"I'm still waiting for my father," said Farideh Ameri, a 13-year-old girl swathed in black, whose father, an Iran Air official, was among those killed. "Whenever I look at the sea, I am reminded that my father isn't coming back." Asked whether she could ever forgive the United States for the shoot-down, she said, "Never. Nothing replaces my father."

Mohsen Rezaian, whose son was one of the pilots of the plane, said he had nothing to tell the American people. "What can I say?" he asked. "My son is gone. What do you want me to say?"

The shoot-down alternately angers and mystifies the Iranians. How could the U.S. Vincennes, with all its sophisticated gadgetry, mistake a regularly scheduled passenger plane heading across the Gulf from Bandar Abbas to Dubai for a military plane poised to attack?

A Pentagon investigation concluded that the mistakes were not technological but human, caused by "the fog of war and those human elements which affect each individual differently."

Although the Central Command, responsible for Gulf operations, recommended that Lieutenant Commander Scott Lustig, the Vincennes' anti-air warfare officer, receive a mild reprimand, the recommendation was overruled.



Women on Friday preparing to throw flowers from a ship at the Gulf site where the Iran Air jetliner fell after being hit by a U.S. missile.

In 1990, Commander Lustig was granted two navy commendation medals for his service on the Vincennes. The commander of the Vincennes, Will Rogers 3d was given the Legion of Merit for "exceptionally meritorious conduct" during the period of his command.

Eventually, the United States paid families of the victims \$300,000 for each wage-earner and \$150,000 for each non-wage-earner who had died. Iran was paid \$40 million for the loss of the plane.

The Iranians were clearly torn Friday between their determination to shine the spotlight on the tragedy and their desire to follow the lead of President Mohammed Khatami and soften their tone toward the United States. Mr. Khatami has made it clear that he has no use for the burning of the American flag or the slogan "Death to America."

But following a speech filled with fury, Gorbani Hussein, an official with the Foundation to Preserve the Values of Sacred Defense, which was host to Friday's event, beckoned the passengers to chant "Mag bar Amrika!" ("Death to America!") with him. They did, but only three times. And when he led them in chanting the slogan in English, he watered it down to "Down with America."

When asked by a reporter why Iranians were still chanting "Death to America" when Mr. Khatami had said he did not like it, Ahmed Reza Kazemi, the general manager of state-owned Iran Air, said, "What President Khatami has said is the rule."

But Mr. Khatami begged to differ. "There is no law preventing slogans against America," he said. "President Khatami hasn't issued an edict banning them."

**Good News  
to our readers in Marseille  
and the Southeast of France:  
The IHT is available  
at all these fine news agents.**

### (13) BOUCHES DU RHONE

AIX EN PROVENCE

Le Havre

57, Cours Mirabeau

Kiosque Presse

31, Cours Puget

Kiosque Presse

37 Blvd du Roi René

Kiosque Presse

Place Bellegarde

Kiosque Presse

Place du Général de Gaulle

Kiosque Presse

Place Jeanne d'Arc

Kiosque Presse

Place des Fréchaux

Kiosque Presse

Place de l'Hôtel de Ville

Kiosque Presse

Place Jeanne d'Arc

Kiosque Presse

Place des Fréchaux

Kiosque Presse

Place de l'Hôtel de Ville

Kiosque Presse

Place Jeanne d'Arc

Kiosque Presse

Place des Fréchaux

Kiosque Presse

Place de l'Hôtel de Ville

Kiosque Presse

Place Jeanne d'Arc

Kiosque Presse

Place des Fréchaux

Kiosque Presse

Place de l'Hôtel de Ville

Kiosque Presse

Place Jeanne d'Arc

Kiosque Presse

Place des Fréchaux

Kiosque Presse

Place de l'Hôtel de Ville

Kiosque Presse

Place Jeanne d'Arc

Kiosque Presse

Place des Fréchaux

Kiosque Presse

Place de l'Hôtel de Ville

Kiosque Presse

Place Jeanne d'Arc

Kiosque Presse

Place des Fréchaux

Kiosque Presse

Place de l'Hôtel de Ville

Kiosque Presse

Place Jeanne d'Arc

Kiosque Presse

Place des Fréchaux

Kiosque Presse

Place de l'Hôtel de Ville

Kiosque Presse

Place Jeanne d'Arc

Kiosque Presse

Place des Fréchaux

Kiosque Presse

Place de l'Hôtel de Ville

### SAUSSET LES PINS

Presses

11, Rue Fouque

Kiosque Presse

3, Cours Puget

Kiosque Presse

Place de la Mairie

Kiosque Presse

Place Gabriel Péri

Kiosque Presse

1, Ave. du Prado

Kiosque Presse

614, Ave. du Prado

Kiosque Presse

16, Place Félix Baret

Kiosque Presse

99, Ave. de la République

Kiosque Presse

425, Rue Paradis

Kiosque Presse

163, Corniche Kennedy

Kiosque Presse

Le Marcure, Bat. A

Kiosque Presse

Rue Ampère

Kiosque Presse

Place Lamartine

Kiosque Presse

Maison de la Presse

40, Rue de la République

Kiosque Presse

Presses France-Lotiss

Boulevard des Lices

Kiosque Presse

Place de la Presse

Maison de la Presse

4, Ave. Victor Hugo

Kiosque Presse

13, Ave. de la Viguerie

Kiosque Presse

30, Quai du Port

Kiosque Presse

Cygne d'Or

Kiosque Presse

26, Quai des Belges

Kiosque Presse

Mag Presse

6, Rue de Breteuil

Kiosque Presse

Place du Gal de Gaulle

Kiosque Presse

Place de la Presse

Kiosque Presse

Place Jeanne d'Arc

Kiosque Presse

Place des Fréchaux

Kiosque Presse



With Pro

E-mail address: moneyrep@iht.com

Website: www.iht.com/IHT/MONEY

## Drugmakers Need R&D To Thrive

Medicines in 'Pipeline'  
Are Key to the Value  
Of Industry's Stocks

By Judith Rehak  
International Herald Tribune

FOR investors interested in the pharmaceutical industry, some of the best opportunities for profit lie in the research laboratories of drug companies, where scientists work for years on formulas that the companies hope will result in products that cure diseases, alleviate suffering or just grow hair on bald heads. If one turns out to be a blockbuster, the returns can be spectacular—an obvious example being Viagra, the new impotence drug from Pfizer Inc., which has analysts predicting eventual sales as high as \$10 billion a year.

Stewart Adkins, an analyst with Lehman Brothers in London, said research-and-development activity represents one-third to one-half of an investment decision, making it "absolutely vital." A pharmaceuticals maker's drugs in development, its so-called pipeline, "drive the company's long-term growth," he said.

The money spent by drugmakers to fund research is staggering. Typically, a company will pour 16 percent to 17 percent of its sales back into research and development. At Pfizer, one of the most consistently successful in bringing new drugs to market, that added up to \$1.9 billion last year, just under 16 percent.

But simply spending large amounts of money on R&D does not guarantee results. Mr. Adkins noted that Roche Holding AG of Switzerland spent as much as 23 percent of sales annually throughout the late 1980s and early 1990s. "It's hard to justify that spending in terms of what they've done so far," he observed.

He emphasized the importance of managing a drug's life cycle in the market, from introduction to peak sales and to the time when it will no longer have an exclusive patent. Another crucial factor, he noted, is marketing clout.

Currently, one of Mr. Adkins' top picks is Glaxo Wellcome PLC. Earnings at the British pharmaceutical maker have been hurt in the past two years by the expiration of the patent for Zantac, its popular anti-ulcer medication, but it now has 20 new drugs in Phase 3 trial, the stage just prior to filing with the U.S. Food and Drug Administration for approval. Among the new products are a new AIDS drug, and Lamivudine, against hepatitis B, which has some 300 million carriers in the world. Glaxo has filed to sell the drug in China, elsewhere in Asia, and the United States.

Mr. Adkins also approves of Glaxo's marketing capabilities, especially its direct-to-consumer advertising in America, where it handles "tens of thousands" of patient inquiries on its toll-free telephone number. "They're not leaving any opportunities on the table," he said. He is estimating earnings per share of 55 pence (91 cents) this year and 64.9 pence in 1999.

At Merrill Lynch & Co. in London, Janet Dyson favors Novartis AG of Switzerland. One of the most important things to consider, she said, is how new products coming out of a company's pipeline fit in with the old.

In the case of Novartis, she likes the lineup, especially two new products that treat Alzheimer's disease and Parkinson's disease, each with the potential to bring in 500 million Swiss francs (\$325 million) a year in sales, followed by two promising drugs down the line in two years, one for helping organ-transplant patients and the other for a type of psoriasis. "Those last two could be even bigger," she said.

But it also becomes clear why research and development are so costly when Ms. Dyson noted that it typically takes eight years for a drug to go from conception to market. "Exelon was relatively quick, about six-and-a-half years," she observed, referring to Novartis's new Alzheimer's treatment, the first to be approved in Europe. In another important move, Novartis announced recently that it will invest \$250 million over the next decade in a genetic research center in America, where it would have the first opportunity to develop commercial products from any discoveries in this new field to emerge from the center.

The critical role of research and development was underscored last year when Bristol-Myers Squibb Co., whose R&D has lagged its competitors, hired Peter Ringrose, the former research chief of Pfizer.

While it is common in the pharmaceutical industry for a big player with deep pockets to farm out research and development of a drug to smaller concerns, Bristol-Myers had become too reliant on such alliances to fill their drug pipeline, said Sarah Ross, an analyst with Edward T. Jones, a St. Louis brokerage, who has a buy rating on the stock.

"Now they realize it's more profitable to develop in-house, because they won't have to pay a cut of the profits to a drug developer," she said. Under its new research chief, the company will

## The World's Biggest Spenders in Research and Development

|                       | R&D spending, in billions of pounds | R&D as a percentage of sales |                         | R&D spending, in billions of pounds | R&D as a percentage of sales |
|-----------------------|-------------------------------------|------------------------------|-------------------------|-------------------------------------|------------------------------|
| General Motors        | \$4.98 billion                      | 4.8%                         | NTT                     | £1.54                               | 3.7%                         |
| Ford Motors           | 3.85                                | 4.1                          | Volkswagen              | 1.49                                | 3.9                          |
| Siemens               | 2.75                                | 7.6                          | Intel                   | 1.43                                | 8.4                          |
| IBM                   | 2.62                                | 5.5                          | Hoechst                 | 1.35                                | 7.7                          |
| Hitachi               | 2.35                                | 5.9                          | Bayer                   | 1.34                                | 7.2                          |
| Toyota                | 2.11                                | 3.7                          | Sony                    | 1.32                                | 5.2                          |
| Matsushita Electric   | 2.03                                | 5.7                          | Northern Telecom        | 1.30                                | 13.8                         |
| Daimler-Benz          | 1.91                                | 4.6                          | Johnson & Johnson       | 1.30                                | 9.5                          |
| Hewlett-Packard       | 1.87                                | 7.2                          | Bell Canada Enterprises | 1.24                                | 8.8                          |
| Ericsson Telefon      | 1.86                                | 14.5                         | Philips                 | 1.22                                | 5.3                          |
| Lucent Technologies   | 1.84                                | 11.5                         | Roche                   | 1.21                                | 15.5                         |
| Motorola              | 1.67                                | 9.2                          | Honda Motor             | 1.17                                | 4.7                          |
| Fujitsu               | 1.65                                | 7.8                          | Pfizer                  | 1.17                                | 15.8                         |
| NEC                   | 1.63                                | 7.0                          | Microsoft               | 1.17                                | 16.9                         |
| Asea Brown Boveri     | 1.61                                | 8.5                          | Boeing                  | 1.17                                | 4.2                          |
| El du Pont de Nemours | 1.58                                | 5.8                          | Glaxo Wellcome          | 1.15                                | 14.4                         |
| Toshiba               | 1.55                                | 8.1                          | Alcatel Alsthom         | 1.11                                | 6.8                          |
| Novartis              | 1.54                                | 11.8                         | Robert Bosch            | 1.10                                | 7.0                          |

Source: The Department of Trade and Industry

International Herald Tribune

## Trick: Using Discoveries Fast and Well

Low-Tech Firms Profit From Innovation But They Can Be Hard to Spot

By Sharon Reier

ANECOTAL evidence that investment in research and development benefits even low-tech companies is compelling, but unfortunately, investors cannot just search out the biggest spenders, executives and analysts said.

Research spending is difficult to quantify, and in some industries companies that take big chunks of their revenue and plow it back into developing new products and services are actually penalized by the market.

"Companies that spend a lot of their own money on R&D as a percentage of sales do not necessarily add to shareholder value," said Ron Jonash, who heads Arthur D. Little Inc.'s practice on technology and innovation management.

"The consultancy recently conducted a study of research at 669 international companies. Mr. Jonash said his team found: 'In innovation, the most important thing driving performance is how well and how fast they deploy the technology. Companies that manage innovation well do have a high correlation with performance.'"

Certainly, there are companies that do it well, and not just in Silicon Valley, although low-tech industries tend to spend a lower proportion of their sales on research. Consider Gillette Corp., the maker of toiletries and associated products. It spends 2.2 percent of its \$10 billion in annual sales on research and development, about twice the level of the average household products company, though far less than the double-digit figure of Microsoft Corp.

Even in a high-priced American stock market, Gillette fetches a premium among investors, with its stock selling at nearly 46 times its latest 12-month earnings and nearly 40 times prospective earnings, roughly 1.5 times the comparable ratios for the overall market. Investors who have held the stock throughout the decade have seen their money multiply more than 10 times.

Yet Gillette is not resting on its laurels. Although it already dominates the world market for razors, the company this month plans to roll out a new model, the Mach3, which bonds diamond-hard carbon to slivers of steel to make shaves smoother. Gillette has invested \$750 million on developing the Mach3.

An even bigger spender, relative to its sales, is Valeo SA, the French auto parts company that last month added ITT Industries Inc.'s electrical systems operation to its busi-

ness. Valeo said it spends 6 percent of its sales on R&D and as much as 9 percent on electrical and lighting systems. Valeo sells at about 21 times trailing earnings, and investors who have held it throughout the 1990s have seen the value of their shares quadruple.

Mr. Jonash of Arthur D. Little said it was not so much the research spending that investors prize as their success in turning the ideas into innovative products and services. This, he said, was a change from the early part of the decade, when the focus was on cutting costs. "In the early 1990s there was a strong emphasis on lean production and overhead cost reduction," he stated. "You could look at shareholder value industry by industry and those valued highest were those pursuing cost cutting."

Over the last few years, however, "the leaders in virtually all industries are those who have highlighted innovation and how to grow the business," Mr. Jonash continued.

He cited Chrysler Corp. as a company that successfully played the innovation game, even though it did not increase its R&D budget. "It has completely been able to change the rules to use innovation," Mr. Jonash explained. "It got its suppliers in the automotive industry to take on the role of R&D."

The suppliers agreed that their innovations would be offered to Chrysler before its competitors. How did the automaker arrange this? "They streamlined their production and development so that they can bring the technologies in late into the design-and-production cycle," Mr. Jonash said, "and can get them to the customer faster. They were the first with integrated seatbelts, side impact safety, airbags and an integrated childseat."

Adjusted for splits, Chrysler's stock was worth as little as 75 cents a share in 1981, after the U.S. government had to guarantee its loans just to keep the auto-

maker in business. Its stock is now worth more than \$56 a share as the company awaits its acquisition by Daimler-Benz AG.

Innovations can also flow across the Atlantic in the opposite direction. A decade ago, Nucor Corp. made a \$300 million bet on an untested German technology known as thin-slab casting and is now one of the most highly valued U.S. steelmakers.

The company, which was begun as an automaker by the Oldsmobile founder Ransom Olds, introduced minimill technology nearly 30 years ago. With its advances in low-cost production technology, Nucor can turn a profit in steel even when prices are relatively low.

Its price-to-earnings ratio of 14 compares favorably with the old-line integrated steelmakers such as USX-U.S. Steel Group Inc., valued at six times trailing earnings, or Bethlehem Steel Corp., which has a P/E ratio of just over 5. The company is developing a new process of turning iron carbide into steel.

Yet an investor would not be able to tell the extent of Nucor's R&D commitment by studying its financial statements. John Correnti, the company's president and chief executive, said none of the \$110 million it has spent so far in building its pilot iron carbide plant in Trinidad is classified as R&D. "We consider it a new plant. It is a new technology. We don't write it off as R&D. If we think it is a good idea and it makes economic sense we will make a substantial investment in it."

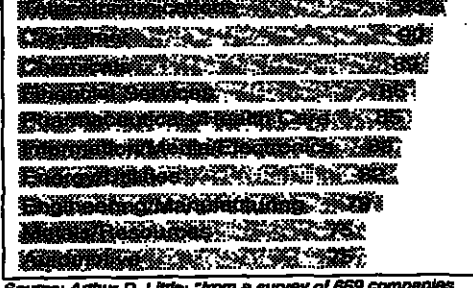
Besides, Mr. Correnti said, much of its research comes from outside the company, presented by sources who know Nucor's reputation as an innovator. "Hundreds of people come to us from all over the world," he said. In this case, the company's main role is reject inappropriate technology, he added. "Ninety percent of the ideas don't amount to a hill of beans. Some are good ideas but they won't work economically."

This illustrates the difference between successful innovation and brute spending, Mr. Correnti said. "It's like being a race car driver," he said. "Anyone can buy the most high-tech race car. But you have to have the knowledge and skill to drive it."

Even if the amount of money spent did count, most published R&D figures are neither reliable nor comparable. Surveys on the subject tend to be based on the amount of

### Innovation Means Success

Industry's view of innovation as a critical success factor, in percent.



Source: Arthur D. Little, from a survey of 669 companies

Continued on Page 17

## Research Outlays: The Real Bottom Line

Expenditures Color a Company's Outlook

By Aline Sullivan

INVESTORS often think that they need to spend hours studying a balance sheet to figure out what a company's share price should be. But a glance at just one line—research-and-development spending—can indicate what the share price will be next month, next year and even in five years.

Expenditure on research and development is usually money well spent. A consistent commitment to investment, such as that demonstrated by LM Ericsson AB, which spends the annual equivalent of 15 percent of its sales on R&D, usually pays off: Ericsson shares have returned more than 40 percent a year to investors over the past five years.

R&D spending in most industry sectors is essentially an indication of corporate confidence. It can also boost investor confidence: anyone nervous that current share values are too high should consider the copious amounts of money that many companies are earmarking for their futures.

By at least one account, that future looks promising. Spending on R&D among the world's top 300 companies rose 12.8 percent, to \$216 billion last year, according to the International R&D Scoreboard, published last month by the British Department of Trade and Industry in collaboration with Company Reporting, an Edinburgh-based consultancy.

That is the biggest jump yet in the scoreboard's eight-year history. Much of it was fueled by the 133 U.S. companies on the list, which recorded an average 17 percent rise in R&D spending. Of these, the biggest high-tech companies proved the biggest spenders.

"People look at companies like Microsoft Corp. and Intel Corp. and think that as they get ever larger and more dominant that they won't need to spend so much," said Michael Murphy, editor of the California Technology Stock Letter. "But that is old economy thinking. In the new economy, growth and value are determined by effective investment."

Microsoft raised its R&D investment last year by 34 percent, to almost \$2 billion, or 17 percent of sales. Intel's outlay is even greater in dollar terms: the world's largest semiconductor maker spent \$2.4 billion, or 30 percent more than the previous year. But at 9.4 percent of sales, its so-called R&D intensity is less.

The ability of these behemoths to spend vast sums puts them far out in front of the pack, said Mr. Murphy. "Look at Intel and Advanced Micro Devices. Intel will probably spend \$2.9 billion this year while AMD can only spend \$450 million. How will it ever catch up?"

AMD management obviously does not share that view. The company increased R&D spending by 17 percent—to almost 20 percent of its sales. That, however, pulls in comparison with the recent efforts of Cisco Systems Inc. The computer-networking company boosted spending last year by an astounding 202 percent, to \$1.2 billion, or 18.7 percent of sales.

Of course, some companies have more money than sense. International Business Machines Corp.'s spending is second only to Siemens AG in the electronics and electricals sector, but IBM does not get nearly as much back as most of its rivals. "The easy way to test the effectiveness of the R&D process is to determine what percentage of a company's profits came from innovations of the past three years," said Mr. Murphy. "For Intel that is almost 100 percent, for IBM it's about 40 or 45 percent."

At the opposite end of the spectrum, Apple Computer Inc.'s approach to R&D has bruised its reputation among

some analysts. The company raised R&D spending last year only after slashing it the previous year. "Apple cut its R&D spending way back in both dollar and intensity terms to make its earnings look better," said Mr. Murphy. "Wall Street bought it and the stock doubled. But its outlook is really pretty bad."

PHARMACEUTICAL companies are big R&D spenders. The effectiveness of their spending is much harder to judge, however. "Some of the most successful drugs are the by-products of other research," said Henry Gooss, manager director of Investor AB in New York. "Without a doubt, R&D investment is important in assessing the company's earnings and share price. But it's a lot harder to analyze than capital spending."

The 19 pharmaceutical companies cited in the British scoreboard raised R&D spending by an average of 11 percent last year. Roche Holding AG, Pfizer Corp. and Glaxo Wellcome PLC spent the most money while the biotechnology companies, notably Roche's U.S. subsidiary Genentech Inc. and Biogen Inc. spent the most as a proportion of their sales.

"R&D is the only driving factor in biotech," said Mr. Murphy. "Look at XOMA Corp., it has no sales and is losing money but it has spent \$133 million over the past five years in developing and testing a drug that seems to stop bacterial meningitis cold. How do you value that?" The company expects the drug, which is the only one of its kind, to be approved in Europe and the United States by the middle of next year.

Amid this frenzy of R&D spending, the modest outlays of oil companies come as something of a shock. Spending by many of the biggest companies represents less than 1 percent of sales. Indeed, three of the integrated oil companies cut spending last year: Chevron Corp. by 2 percent; Royal Dutch/Shell Group by 10 percent and Amoco Inc. by 12 percent.

Even more startling are the substantial cuts in R&D spending by two of the big U.S. car makers: General Motors Corp. slashed spending by 8 percent and Ford by 7 percent. In contrast, their Japanese rivals increased their spending: Toyota Motor Corp. by 16 percent and Honda Motor Co. by 14 percent. However, the U.S. companies still spend more than twice as much as the Japanese, making them the biggest R&D spenders in the world. All four are comparable in intensity terms.

That quartet is ahead of several of the carmakers in Europe, illustrating how European R&D expenditure significantly lags that of the United States.

For example, Fiat SpA, which will be the world's sixth-largest carmaker after Daimler-Benz AG and Chrysler Corp. join forces at the end of the year, has a R&D budget less than one-sixth the size of General Motors' in dollar terms and little more than half in intensity terms.

In the building materials sector, Compagnie de Saint-Gobain of France and the much smaller Corning Corp. spend similar amounts on R&D: \$262 million and \$251 million last year, respectively. But in Saint-Gobain's case that amount was the equivalent of just 4 percent of sales, while for Corning it was 6 percent.

The chemical industry is another case in point, despite the large number of Continental companies in this sector. Three of the four top spenders as a proportion of sales were U.S.-based, including Chiron Corp., which allocated what amounted to 47.1 percent of its sales to R&D last year, making it the biggest spender outside the high-tech sector.

THE BRITISH DEPARTMENT OF TRADE AND INDUSTRY'S International R&D Scoreboard is available free of charge from the department's Innovation Unit. Phone: 04 171 215 1940. Fax: 04 171 215 1997. Website: www.dti.gov.uk

## Get Them While They're Cheap: Detroit's Big 3 Benefit From Asia

AS GENERAL Motors Corp. struggles with strikes that have shut most of its North American assembly plants, investors are wrestling with an equally vexing problem: Why are auto stocks so cheap?

Before we get to GM, let's look at Ford Motor Co., which not only has no strike but also will benefit from GM's labor troubles. Ford is rolling in dough. Over the past five years, it has reaped profits of \$23 billion, including a record \$7 billion in 1997, and it has more than \$25 billion in cash in its coffers.

Ford has a dividend yield of 2.9 percent, while the average stock in the Standard & Poor's 500-stock index has a yield of just 1.4 percent. Ford has a price-to-earnings ratio of 10, while the S&P average is 27. The market is valuing Ford as if it were a sluggard.

But Ford has become a great business. In the teeth of tough competition, it has held its market share, aggressively cut its costs and boosted its profits. So has Chrysler Corp., which is to be acquired this fall by Daimler-Benz AG, the German automaker. Chrysler, with the best profit mar-

gins in the industry, has been earning more than \$2 billion a year since 1992. Yet even after the Daimler bid, it carries a dividend yield of 2.8 percent and a P/E, based on projected year-end profits, of just 11.

As for GM: Sure, it has high costs, obsolete products, a slipping market share and terrible labor relations. But those ills are obvious. They will eventually be fixed.

As a result, GM's P/E seems awfully low—just 8, along with a yield of 2.8 percent.

So, are auto stocks cheap? Maryann Keller thinks so. She has spent the past 26 years analyzing the industry, currently for ING Barings Farnham Selz LLC. She ranks Ford and GM as "strong buys," her highest recommendation. One big reason, surprisingly enough, is Asia.

Many economists believe the crisis in Asia is bad for U.S. businesses because it weakens demand and leads to severe downward pricing pressure on American goods as cheaper Asian ones flood U.S. markets. But Ms. Keller sees the auto situation differently.

For years, she told me, Asian automakers have built plants around the world without much thought to profitability. They could borrow cheaply, thanks to government banks that were following government dictates. The aim of big Japanese and South Korean manufacturers was not return on equity; it was market share. It is tough to compete with a company that keeps churning out

products without any worry about cost. But, said Ms. Keller, the crisis "necessitates a more disciplined approach" by Asian companies. "Where is the cheap money going to come from to take capacity higher [in Korea and Japan]? No where. That's the essence of my thesis."

And a good thesis it is, especially when coupled with the new state of American automaking. Each of the Big Three automakers has improved its quality, its engineering and its productivity. The U.S. automakers have also shored up their balance sheets. Credit ratings are higher, pensions are being funded, debt repaid. "The Japanese

may not realize it," she said, "but they face a whole new ballgame." Access to capital will be the big edge that the Americans will now have.

Salomon Smith Barney Inc. agrees. It recently issued a report called "The Search for Value in Global Autos," featuring a glowing buy recommendation for Ford. The analysis noted that "cost reduction totaled an astounding \$3 billion in 1997, [increasing] Ford's ability to post solid earnings in the face of high-

er marketing costs." Salomon also gives its top ranking ("1") to Daimler, praising it for the Chrysler deal, which appears to be a perfect fit: German engineering plus U.S. marketing, German luxury mated with U.S. middle-class appeal.

What about GM, which, for all its problems, is still the No. 1 automaker in the world? Salomon offers only a "3" rating, and just five of 17 analysts polled by Bloomberg News recommended that the stock be purchased.

While Ms. Keller is unhappy with GM's complacency—for example, its delay in bringing out a Cadillac sport utility vehicle and its refusal to allow

its best division, Saturn, to offer a broader line—she thinks the stock is cheap, especially now that it has taken a hit due to the strike.

Another believer in GM is Mark Holowesko, the value hunter who manages the huge Templeton Growth Fund with a portfolio of global stocks. GM is his largest U.S. holding. The company is "generating a huge cash flow," he says, and if it sold Hughes Electronics Corp., the stock would get a big boost.

The fund's largest holding of any kind is Volkswagen AG. Volkswagen is the darling of the auto industry. It is "sold out across most of its model range," according to a new report by Stephen Reisman and Alec Shultz of Merrill Lynch & Co. "Customers are fighting over the new Beetle in the U.S., while delivery times extend up to six months for the Golf, Passat, A6, A3 and Octavia in Europe."

Volkswagen, however, is hardly a secret. Its stock is up 79 percent this year. But its P/E ratio, based on estimated earnings for 1998, is still only 14, and Merrill's analysts have raised its rating to "buy."

Washington Post Service

Continued on Page 17



## Advertisement

available on Internet: <http://www.iht.com/IHT/FUN/funds.html>

Quotations supplied by food groups to Micronutrient Paris: t: 33-1 40 28 09 09, e-mail: [Reda@micronutrient-paris.fr](mailto:Reda@micronutrient-paris.fr)

**For information on how to list your fund, fax Katy Hourl at (33-1) 41 43 92 12 or E-mail : [funds@iht.com](mailto:funds@iht.com)  
To receive free daily quotations for your funds by E-mail : subscribe at [e-funds@iht.com](mailto:e-funds@iht.com)**

[illegible]

The data in the list above is the raw data supplied by the fund groups to Mirocal SA. It is collected and reformatted into the list below being transmitted to the IFT. Mirocal and the IFT do not warrant the quality or accuracy of the list, the data or the performance of funds of the Fund Groups and will not be liable for the list, the data or the performance of funds of the Fund Groups to any extent. The list is not and shall not be deemed to be an offer by the IFT or Mirocal to sell securities or investments of any kind. Investments can fall as well as rise. Past performance does not guarantee future success. It is advisable to seek advice from a qualified independent advisor before investing.

AS - Australian Dollar; AG - Austrian Schilling;  
 BF - Belgian Franc; CB - Canadian Dollar; DM -  
 Deutsche Mark; DE - Danish Kroner; DE - US  
 Dollars; ECU - European Currency Unit; FF -  
 French Franc; FIM - Finnish Markka; FL - Dutch  
 Guilder; GDR - East German Mark; GR - Greek  
 Drachma; IRL - Irish Punt; IT - Italian Lira  
 LF - Luxembourg Franc; P - Swiss Franc; MYR -  
 Malaysian Ringgit; N - New Zealand Dollar;  
 Singapore Dollar; S - Swedish Krona;  
 Swedish Krona; THB - Thai Baht; Y - Yen.

= stated as \* Other Prices; N.A. - Not Available;  
 N.C. - Not Communicated; N. Item; S. -  
 seasonal adjustment; S. - seasonal adjustment;  
 Exch. - Exchange Rate; P. - Price; P. - Price;  
 - Parts exchange; - - - - - American exchange;  
 - - - - - other; - - - - - replaced with  
 regulatory material; - - - - - replaced with  
 price. Ex. estimated price; P. price calculated 2  
 days prior to publication; S. bid price.

The statistical symbols indicate frequency of  
 collection: (M) - monthly; (Q) - quarterly; (B) -  
 bi-monthly; (D) - daily; (H) - hourly; (N) -  
 twice weekly; (W) - weekly; (Y) - twice yearly.

## THE CASE

Page 5 of 5  
Page 10 of 10

San Rafael  
Mar. 1941

**C-10000**  
**To 10000**

## With Research.

۵۵ ضمانت الایمل



## THE MONEY REPORT

## Perhaps in Vain, Israel Adapts Dual Citizenship Strategy to Stocks

By Jessica Steinberg

**D**UAL CITIZENSHIP is one advantage that Israel offers to keep immigrants coming. Now it is trying to use dual citizenship to keep stocks from leaving.

Officials of the Tel Aviv Stock Exchange, worried about a flight of prominent Israeli high-technology stocks to the Nasdaq market in the United States, are trying to entice them back. The exchange is hoping that these companies will at least agree to list their shares in both places.

But the likelihood of a return home for most of these listings is considered weak. The impediments range from a cumbersome Israeli bureaucracy to a perception that Nasdaq is the pre-eminent market for high-technology companies trying to raise money.

Nasdaq dwarfs the Tel Aviv exchange. The \$264 billion market capitalization of Microsoft Corp. alone is

three times the value of all the listings on the Tel Aviv exchange.

More than 100 Israeli companies are listed on Nasdaq, making it the largest source of new Nasdaq listings after the United States and Canada. Only five of those companies are also listed on the Tel Aviv exchange.

The Tel Aviv exchange lists more than 650 companies, including banks, insurers, chemical makers and construction companies.

Ronit Harel, head of the exchange's listings department, said it was hoping to make itself more like Nasdaq, and her optimism is shared to some extent in Israeli brokerage firms.

"It will become in fashion to list in Israel," said Eli Nachum, head of trading at Zannex Securities Ltd. in Tel Aviv.

Nonetheless, he said, "the fact that Israeli companies aren't traded in both exchanges is a disadvantage."

To many Israeli high-technology executives, the Nasdaq is preferable because of its enormous liquidity. With far

more money in the market, it is easier for stocks to be bought and sold at fair prices.

Moreover, most Israeli technology companies, whether they are selling high-speed modems or Internet security software, are exporting to the United States. More often than not, their investors are Americans who are more willing than Israelis to back risky ventures.

"Israeli investors are a little scared of the high-tech stocks," said Ron Levkovitz, co-general manager of Epsilon, a Tel Aviv money-management firm.

Mr. Levkovitz said 90 percent of the Israeli equity market was held by local institutional investors, pension funds and other large trust funds that by law can invest only 15 percent of their assets in stocks.

In addition, Israeli fund managers cannot buy more than 10 percent of their stocks outside Israel.

Gil Schwed, chief executive of Check Point Software Technologies Ltd., an

Israeli provider of security software, said he never thought about listing in Tel Aviv. Check Point went public on Nasdaq in June 1996 at \$14 a share with a market capitalization of \$450 million. The shares now trade at \$32, with an average volume of one million shares a day and a market capitalization of more than \$1 billion.

"It's all about prices," Mr. Levkovitz said. "No one in Israel will pay the kind of prices the high-techs are commanding in the U.S."

Mr. Schwed said that from his perspective, the Tel Aviv exchange was not sophisticated, with insufficient trading volume and too little analyst coverage. He also criticized what he called unwarranted restrictions on market freedom imposed by the Israeli Securities and Exchange Commission.

It is a common criticism. David Arzi, chairman of NICE-Systems Ltd., a provider of telephone computer systems, lists on both exchanges. But he said listing on the Tel Aviv exchange was

akin to walking down Jerusalem's Via Dolorosa, or Street of Sorrow, the winding path that Jesus supposedly took from prison to his Crucifixion.

Quarterly reports must be filed with the Israeli securities commission and sent to all shareholders before publication, and the company's full prospectus must be rewritten in Hebrew. There are also restrictions on employee stock options; if options are offered to more than 35 employees, the company must publish a new prospectus.

"It took four months to give stock options to 88 of our people," Mr. Arzi said. "In certain aspects, Israel is the last Bolshevik country."

The Israeli securities commission is re-examining its listing requirements to help lure the Israeli companies back.

Mr. Arzi's decision to list his company on the Tel Aviv exchange has not been all bad. Indeed, NICE-Systems' experience is one reason that young Israeli companies might want to list their stocks at home.

NICE first went public on the Tel Aviv exchange in December 1991. At the time, the company had \$1 million in profit and needed cash to reinvest in its products. Mr. Arzi said he chose Tel Aviv over Nasdaq "because it's easier when the lifesaver speaks your language."

Teva Pharmaceutical Industries Ltd., Israel's largest pharmaceutical company and one of the Tel Aviv exchange's blue-chip stocks, is 60 percent owned by American stockholders.

Dan Susskind, Teva's chief financial officer, said there was a nationalistic reason for listing on the Tel Aviv exchange, "just like building a Teva plant up north when there's shelling from Lebanon."

However, Mr. Susskind said, he will never leave Nasdaq, his home away from home. "Listing on Nasdaq has made all the difference for us," he said. "It's the difference between watering your company's crops from a plane instead of a pitcher."

New York Times Service

## BRIEF CASE

## Yen's Level a Sign Of Things to Come

Many newsletter writers looking at the Japanese economy this week had four outlooks, and it seems there is nobody who thinks things will turn around soon.

Investors who fear the country's recession will trigger market collapses elsewhere might use the value of the yen as a leading indicator. Stephen Roach, chief economist of Morgan Stanley Dean Witter & Co., writes: "The issue is where the yen finds a new equilibrium. If the yen can be contained over the near-term to a range of 140 to 150 against the dollar, then world financial markets should be able to breathe a sigh of relief."

Problems would arise, he said, if the dollar were to rise to the 180-yen-to-200-yen range. "Then all bets could be off. The Chinese could well respond by upping the ante and sounding another alarm on a possible devaluation." If China were to devalue the yuan, "then a new round of competitive currency devaluations in Asia and the rest of the world could be triggered—a scenario that would spark sharply reduced expectations of global economic activity and earnings prosperity. World equity markets, under those circumstances, would go down hard."

Last month, Japanese and U.S. authorities intervened in currency markets when the dollar rose above 143 yen. It fell below 137 but has since risen back to more than 139. (IHT)

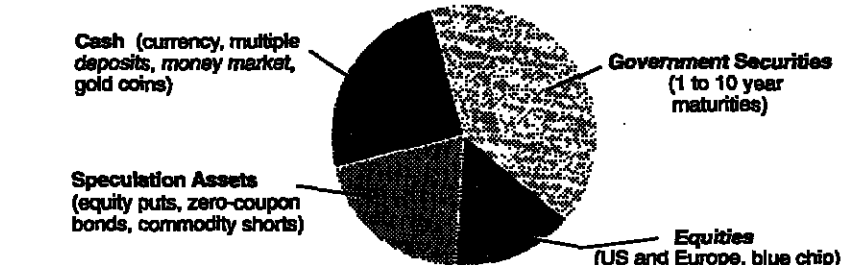
## Y2K Bear Raises Recession Odds

Just in case the Asia situation does not make you nervous enough about your investments, Edward Yardeni, the chief economist at Deutsche Bank Securities Inc. in New York is growing increasingly concerned about the Year 2000 problem, and he has raised the odds of a global recession to 70 percent from the previous 60 percent.

The Y2K problem, as it is known, is the seemingly silly situation created by computer programs that use two-digit numbers to define years. At the turn of the millennium, the 99 will roll over into 00, and "at least some vital computer systems in government and business are likely to malfunction," according to Mr. Yardeni. What would happen next is anybody's guess, although the worst-case scenarios are pretty bad. None of the possibilities are particularly heartwarming for investors.

Mr. Yardeni has been following the issue for months, and he is growing increasingly concerned. "I can no longer say with any confidence that there is enough time to avoid a severe global Y2K recession," he said in an advisory this week. He cited a "pathetic" response from global leaders; a "too-slow" pace of progress by the U.S. government; and a lack of information available on what is being done outside the United States, where "the level of awareness is dangerously low in most countries."

## Y2K Financial Asset Allocation Model for Individuals\*



\*This is just one of many possible model portfolios. It is based on a 70% chance of a global recession in 2000. No assurances about performance are given.

## Yardeni's Equity Portfolio Recommendations for Y2K Scenario\*\*

| Overweight                 | Underweight                    |
|----------------------------|--------------------------------|
| Food & Drug Stores         | Consumer                       |
| Tobacco                    | Pharmaceuticals                |
| Discount Department Stores | Technology                     |
| Home Improvement           | Telecommunications             |
| Hospitals                  | Energy                         |
| Drugs                      | Financial                      |
| Publishing & Newspapers    | Investment Banks               |
| Entertainment              | Stocks & Investment Management |
| Regional Banks             | Transportation & Shipping      |
| Insurance                  | Airlines                       |
| Trucking Services          | Auto Parts                     |
| Temporary Personnel        | Business                       |
| Security Services          | Capital Goods                  |
| Utilities                  | Automotive                     |
| Personal Computer          | Chemicals                      |
| Computer Services          | Food & Beverage                |
| Networking                 | Textiles                       |
| Distributors               | Pharmaceuticals                |

Source: Deutsche Bank Research

International Herald Tribune

A Y2K-induced recession, Mr. Yardeni said, could cut \$2 trillion from the global economy. Although he said it was too soon to start making defensive investments, he suggested asset allocations that would move investors out of risky areas like commodities and emerging-market stocks and into government bonds and cash.

He also mentioned some industries whose stocks might benefit and others to avoid if the Y2K recession scenario comes to pass but the situation is not so severe that it causes a widespread Wall Street collapse. (See table.)

His picks indicate people will be shopping at home-improvement stores more than visiting casinos, while shipbuilders send goods via relatively independent trucks rather than system-oriented trains and planes. (IHT)

## Club Med Party To Ease Asia Blues

If you are worried about Asia but do not think the Y2K problem spells the end of the world and you want to buy stocks in emerging markets, ING Barings Securities Ltd. says, "Party on in Club Med."

ING Barings identified Greece, Israel, Portugal and Turkey as relatively insulated from the Asian contagion. "Real economic links with the Far East are weak, and the influence of the European Union and unique domestic factors are far more important." In fact, if things get better in Asia, "stretched valuations" in Greece and

Portugal and "political risks" in Israel and Turkey "may be enough to ensure a period of underperformance" relative to other emerging markets.

But assuming the Pacific remains under pressure, these emerging European markets provide relative safe havens, preferable to Latin America because of that region's closer economic links to Asia.

All four Mediterranean markets have advanced this year, with the sharpest gains in Greece, whose key index is up more than 69 percent in drachma terms and 57 percent when measured in dollars.

Turkey, which ING Barings said had the cloudiest outlook of the four, has seen its national industrial index rise 36 percent in lira terms but a mere 5 percent gain in dollars. That is a reflection of the country's inflation rate of about 80 percent at the whole-sale level, which is unlikely to meet the government's target of 50 percent by the end of the year, ING Barings said.

The problem is that measures the government must take to reduce inflation would slow the economy ahead of elections scheduled for April. (IHT)

## Turkey's Appeal

Inflation problems notwithstanding, prices on the Istanbul Stock Exchange are likely to get a lift from some good news on the budget front. If you cannot cut your deficit by reducing expenditures, you can try to raise revenue, and privatization revenue plus public offerings of shares in the state-owned phone com-

## North Star The Top Fund Manager\*

"North Star was ranked No.1 Off-shore Fund Manager of 1997 for 3 years performance by the two FT publications. The International and Resident Abroad out of 104 International Fund Managers. North Star was also voted No.1 for 1995 and No.2 for 1996 by the same publications."

Further information: Websites with North Star prices/performance: [www.ft.com](http://www.ft.com), [www.lipperweb.com](http://www.lipperweb.com), [www.micropact.com](http://www.micropact.com), [www.ift.com](http://www.ift.com)

North Star Fund Managers (Cayman) Limited

Cayman: Tel: 001 345 945 73 10 Fax: 001 345 945 73 11 E-mail: [rstarc@andw.ly](mailto:rstarc@andw.ly)

Spain: Tel: 00 34 952 46 44 77 Fax: 00 34 952 46 45 86

ARTHUR D. LITTLE'S Global Economics Survey is available for use from the company's world headquarters in Acorn Park, Cambridge, Massachusetts, 02140, U.S.A. Telephone: 1 617 498 5047, Fax: 1 617 498 7138.

## Taking Some Risk Out of Sector Funds

Here's an Investing System for Volatile Securities That Appears to Work

By Carole Gould

**S**ECTOR FUNDS, which concentrate their holdings in particular industries, are notoriously volatile, presenting investors with chances for big gains or serious losses.

This is not surprising. After all, if diversifying stock portfolios can limit their volatility, then narrowing their focus to single industries will increase it. The potential losses can be big. Last year, for instance, the Fidelity Precious Metals & Minerals fund plunged 44.9 percent.

Nevertheless, Fidelity Investments, the leader in the field, has 40 sector funds with a combined 1.2 million shareholders. The investors, presumably, are looking to beat the market by being in the right sector at the right time.

That is more easily said than done, but Jack Bowers, who edits the Fidelity Monitor, an independent newsletter in Rocklin, California, has developed a sector-fund investing system that appears to

work. He has tested it with calculations of how the system would have performed back to 1990.

The best time to buy into a sector, of course, is when it is undervalued. When an industry group sells at a discount to its historical valuation, he said, the odds increase that it will beat the market. Moreover, the discount usually reflects widespread skepticism, limiting the potential for loss.

The question is what measure of valuation to use. Mr. Bowers discarded price-to-earnings ratios because it is difficult to compare them from one industry to another and meaningless when companies are unprofitable. In a series of studies started in 1996, Mr. Bowers found a better value measure: movements in industries' price-to-book ratio. For individual companies, this ratio is calculated by dividing total market capitalization by balance-sheet listings of cash, factories, real estate, equipment and other assets.

Mr. Bowers compares cur-

rent industry ratios with historical ones. Industry groups that show up as undervalued are considered good buys.

He figured that during the last eight years, investors who consistently held Fidelity sector funds in the 10 most undervalued industries, by this measure, could have earned average annual returns of 24.2 percent, compared with just 16.6 percent if they had invested in the 10 most expensive sectors.

Mr. Bowers has also devised a system for timing the sale of sector funds. First he looks for the 10 most attractive sectors—those with the lowest price-to-book ratios relative to their average ratios over the last five years. He then recommends selling any sector fund that falls out of this top 10 twice in a row in his six-month evaluations, moving the proceeds into the cheapest sector fund on his list.

Why wait six months rather than selling the first time the sector falls out of the top 10? He says it takes the marketplace six months to recognize value.

Under his system, what follows are the cheapest and most expensive Fidelity Sector funds now and their percentages of their historical value. All figures are near or above 100 percent because the bull market of the last few years has caused companies' stock values generally to rise faster than their asset values.

The 10 cheapest: Automotive, 99 percent; Medical Delivery, 107 percent; Biotechnology, 111 percent; Developing Communications, 121 percent; Energy, 124 percent; Leisure, 124 percent; Construction and Housing, 124 percent; Natural Gas, 129 percent; Transportation, 129 percent; and Consumer Industries, 131 percent.

The 10 most expensive: Energy Services, 220 percent; Regional Banks, 209 percent; Home Finance, 207 percent; Computers, 202 percent; Financial Services, 195 percent; Brokerage, 182 percent; Health Care, 180 percent; Insurance, 171 percent; Retailing, 167 percent; and Industrial Materials, 166 percent.

New York Times Service

## Drug Firms' Wagers

Continued from Page 15

double its R&D staff over the next few years, emphasize getting products to market quickly, and institute a pay-for-performance system for top researchers. It is also boosting its R&D spending by 20 percent over last year.

Like Mr. Adkins of Lehman Brothers, Ms. Ross noted the importance of Bristol-Myers' marketing strengths, especially in the United States, where new regulations have allowed it to advertise aggressively for core drugs such as Pravachol, which reduces cholesterol, to consumers via television and magazines. She is forecasting earnings per share of \$3.60 for this year and \$4.04 in 1999.

"Being successful in pharmaceuticals is a package deal," Ms. Ross said. "You have to have strong management and a firm that is financially sound, but also one that is growing. And research and development is the biggest part of that growth."

U.S. and European companies do the lion's share of R&D in pharmaceuticals, but in Asia, Japan has produced some successful products as

well, according to Sergio Traversa, an analyst with Mehta Partners, a New York City research boutique specializing in drug and biotech companies.

Although he does not rate companies, Mr. Traversa said that Takeda Chemical Industries is Japan's most advanced of 10 companies active in drug research. Despite its name, the company gets about 70 percent of its sales from pharmaceuticals, and will spend about \$500 million on research this year.

"It also has the most interesting pipeline," he said, noting that Luprolide, its drug that fights prostate cancer, has already topped \$1 billion in sales a year in the U.S. Two new products with billion-dollar potential are Takeda's drug for high blood pressure, approved for sale in the United States a few weeks ago, and its diabetes drug, which it will co-market with Eli Lilly & Co. Such international marketing deals are a must for a Japanese company, said Mr. Traversa, who sees little growth ahead in its domestic market.

## SHOREX 98

## The International Money Show &amp; Conference

20-22 October 1998

Business Design Centre, London

Shorex 98 is the only Europe-based international financial exhibition and conference. The event is the world's leading forum for international financial institutions, fund managers and financial services providers.

Shorex 98 brings to the exhibitors an unparalleled audience of high quality intermediaries, entrepreneurs, private and institutional investors, high net worth individuals and their advisors. If you provide financial services or asset management for international clients, Shorex 98 is the premier exhibition where you will increase the profile of your organisation, network with intermediaries, and meet new clients face to face.

For more information, please contact Shorex Ltd on: Tel: 44 171 482 1000 Fax: 44 171 482 1100 E-Mail: [info@shorex.com](mailto:info@shorex.com)

UK Media Sponsor

The Daily Telegraph

Legal Sponsor

Stephenson Harwood

International Media Sponsor

Herald Tribune

## With Research, Use It Fast and Well

Continued from Page 15

spending declared for tax returns, noted Paul de Sa, a research fellow at Harvard University's Belfer Center for Science and International Policy. Not only will these items vary from company to company, depending on its tax situation, Mr. de Sa added, but the R&D reporting categories differ from one country to another.

The market's appreciation also depends on what industry a company is in and how much of a long-term

view it takes. Mr. de Sa, who specializes in the energy sector, said, "If you are a utility and spend more on R&D, your stock price is lower instead of higher, because it is considered that R&D is coming out of profit."

I was at a meeting recently of utilities," he said with some amusement, "and a senior adviser from one of the Wall Street investment banks addressed the group and told them: 'The average investor in utilities and the average securities analyst just doesn't care about R&D. I think that

is the case for many sectors that are not R&D driven."

For the energy industry, he said, "This is very long-term stuff. Today, oil remains very, very easy to get. There is very plentiful supply. If there is suddenly a big crunch, the guys with the new technology will win. You have to ask yourself: 'What happens in exceptional circumstances?' In the longer term you can't cut far after year."

ARTHUR D. LITTLE'S Global Economics Survey is available for use from the company's world headquarters in Acorn Park, Cambridge, Massachusetts, 02140, U.S.A. Telephone: 1 617 498 5047, Fax: 1 617 498 7138.

هكسان لاهل



# Men's Fashion



From summer 1999 collections: Dior's silk and wool unstructured jacket and knitted shirt, and Raf Simons' sleeveless tailoring with ultra-long pants.



## A New Generation Picks Up The Stitches of Tailoring

By Suzy Menkes

**P**ARIS — Is there fashion life beyond sportswear? That is the challenge facing the French menswear shows which opened Friday, hard on the heels of the Milan season.

Edgy or traditional, designers have to find a way to combat the might of the Italian fashion industry, which made luxurious casual clothing the key to the summer 1999 collections.

When Yohji Yamamoto opened his show Friday with soft shirt-jackets, it underscored the debt that current fashion owes to the deconstruction introduced by Japanese designers in the 1980s.

But Yamamoto was onto a whole new thing: love. Showing in pairs and on couples, the menswear was worn by both men and women, who walked hand-in-hand through the vaulted airy space of the old French stock exchange.

"We need romance," said Yamamoto as he took applause backstage for a show that was fresh and charming, with its lettuce green colors and sudden patches of flower print sprouting among the black and white.

In a return to his Japanese roots, the designer gave an ethnic spin to Asiatic, square-cut suits, even using wood-grain fabric or patches of fishing mesh attached. As shirts floated free over the designer's signature clear-the-ankle pants, the impression was of lightness and harmony.

But the show was also about incisive cutting, even in the soft and wrinkled fabrics. Couples strolling out in varied white shirts, decked with scarlet neckties or red ribbons, made a sweet finale to the quirky show.

Pierre Cardin once stood for revolution, when his challenge to the stuffy, conventional suit introduced the streamlined, athletic silhouette that marked the 1960s. And there it was again at Friday's show, the oh-so-familiar jerkin with winged shoulders over jersey pants, looking like a medieval knight taking the space shuttle.

Cardin is a great tailor and it is frustrating that his technique is frittered away on safari jackets tricked out with press studs and loud checked jacket with vast 1980s shoulders. The show's theme was sportswear, but, oh dear, that meant tight-fitting pants in scuba diving fabric

with crisscross suspenders and vinyl overalls complete with motorcycle helmets. The opening passage of a model with his arms tied up in neckties was to the point. This was a show to promote a brand under license. May Cardin only sell as many pairs of sunglasses as he showed.

The irony is that there is now nothing so daring and revolutionary as to propose a regular suit to a generation weaned on jeans. This is the tale of Raf Simons, the Belgian designer who just turned 30.

"I am obsessed by tailoring — very strong, linear clothes," said Simons before his show on Friday. "I ask myself how I can bring that to young people — to a 14-year-old who you never see in a suit? Is it possible to bring to them how I feel about cutting?"

Simons explained his focus on cut for sleeveless tunic jackets and especially his signature pants that are fitted low at the waist and taut at the hips, before flowing into a pool over the shoes.

"It's very Bauhaus, very clean and a very sharp way of cutting, especially for the pants," says Simons, who learned his trade from a seasoned Antwerp tailor and

favors traditional English fabrics, although he has designed a leather collection for Ruffo in Milan. That has sleek black leather V-sweaters and trim coats.

Simons is now planning to leave Antwerp and move to New York for cultural stimulation, but says that he will continue to show in Paris.

Another young designer fascinated by the craft of tailoring is Udo Edling, 32, who shows Saturday.

"My idea is to perpetuate tradition, but not in the old way," says Edling, who comes from a family of tailors in his native Romania.

"There are the old Paris houses who do rigid tailoring," he says. "I try to modernize the cut of my suits and to use new materials, like a Japanese fabric with a two-way stretch. I have made it into fluid pants that can even be washed by machine."

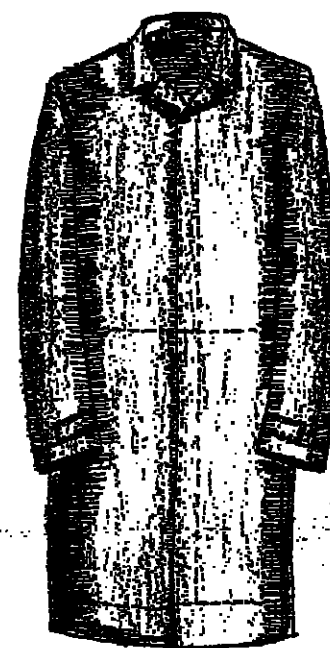
**R**edefining the modern suit is the essence of the new tailoring. The soft-shouldered shirt-jackets at Hermes have taken Veronique Nichean 10 years to perfect, the designer said of her pallid and deconstructed summer collection.

"It's a new architecture, creating a different kind of silhouette and comfort," says Nichean, referring both to cutting on the bias to give shape without stiffness, and to the choice of fabrics like linen crepe, cashmere pique and lightweight wool jersey.

"It's about soft fabrics worked in tailoring — with nothing inside, deconstructed but not baggy," she says. "There is a new generation between 19 and 25 who are rediscovering suits — but they want to be modern — not dressed like their fathers."

At the classic house of Dior, the designer Patrick Lavoix also wants his collection, to be shown on the Left Bank on Saturday, to capture an informal spirit, with soft jackets worked in fabrics technologically treated to be light and aerated.

"This is the last collection of the old century so it is a chance to stand up for Parisian chic, which does still exist," says Lavoix. "But dressing well doesn't mean wearing the style of the 1930s. Modern tailoring is not about a revolution but about the way that the silhouette is made supple and fluid and above all comfortable."



Udo Edling

Working drawing for tailored coat.

SUZY MENKES is fashion editor of the International Herald Tribune.

## The Cozy Way to Shop in Paris

By Alicia Drake

**P**ARIS — Shopping at La Belle Hortense bookshop and literary bar in the Marais is not unlike dropping in on someone's home for a drink. On a Friday night and in a shop the size of a Parisian living room (31 Rue Vieille du Temple), the owner Nathalie Chikroun is the perfect hostess, flitting between guests, greeting, gossiping and filling empty glasses.

Only they are not her guests, they are her customers. Some sit around quietly reading their novels, others peruse the bookshelves with glass in hand. One man has found the volume of poetry he was looking for, only he has come out without cash. "Oh, take it," said Chikroun with a wave of her hand, "and pay next week." That makes the third book in 30 minutes to walk out of this shop on a "read now, pay later" basis.

Either Chikroun is philanthropic in her approach to retail, or she is onto something. For every vast and shiny mega-store springing up around this city, there grows a diametrically opposed longing for what the French call "cozy" boutiques. Not cozy in the sense of cookie-cutter and paper dollies, but a French interpretation of the word. For shopping read intimate spaces, hand-picked or exclusive product, furniture rather than shop fittings, and sales staff who remember your name.

It is the retail version of a neighborhood bar and La Belle Hortense is not alone in Paris in offering a cool take on cozy. The boutique owner Maria Luisa opened a menswear store in January (5 Rue Cambon) selling Helmut Lang, Alexander McQueen, Raf Simons and Ann Demeulemeester. The designers are cutting edge, but the boutique ambience is a comfort zone with a large sofa center stage, a pouffe to rest your feet on, magazines and art books to flick through and trays of espresso or pastis delivered from the brasserie across the road.

Maria Luisa picked an intimate shopping genre because she believes it appeals to the male sensibility, particularly when it comes to clothes shopping. "Men are always in need of

an awful lot of reassurance when they are shopping for clothes," said Maria Luisa. "Already the very mention of the word designer and they are running scared, so if you want to get them into designer fashion, you cannot afford to intimidate them with the wrong shop ambience."

Hence, she gave her interior architect, Laurent Buttazzoni, a design brief of "a dressing room and gentleman's club feel and, above all, a place to gossip with friends."

In the 15th arrondissement, Mary Shaw has taken intimate shopping to its logical conclusion by opening her interior furnishings store Sequana in an apartment (64 Avenue de la Motte Picquet). She chose the setting because, she said, "I am offering a lifestyle, a way of life rather than a decoration shop." And although the apartment is not her home, she has decorated it to look the part with vases of foxgloves and cowslips, logs piled high, a roaring fire in winter and a yellow Labrador curled up in the hall.

Shaw, who is Irish and resident in France, sells furniture, objects and furnishings made for her by artisans in Ireland, Scotland and France, with the emphasis on color and traditional fabrics reinterpreted through contemporary design. There are lean day beds covered in Donegal tweed, French cedar wood stools with Irish black and white striped mattress cushions, mohair throws and earthenware plates and terrines.

The male customer here tends to be playing a support role, that is accompanying his wife or partner. Shaw finds men appreciate her home setup because "they find it easier to visualize how a piece will look in their own home. They also find it less stressful than flogging round a department store." Perhaps that also has something to do with her Irish hospitality habit of offering a glass of whiskey to evening customers.

It is not just the reassuring nature to these shops that customers enjoy; it is the fact they have soul. They are quirky, individual and a world apart from those 18,000-square-foot, tastefully taupe monuments to retail you have already seen on every Madison Avenue, Via Spiga or Bond Street corner. They are also very Parisian in attitude and style.

Where else would you find a bookshop selling books alongside bottles of Bordeaux which stays open until 2 A.M.?

"Paris has always been a city of boutiques. It's about small spaces with lots of service and an eternal feel," said Maria Luisa. "And when international people come to Paris, that is what they want to see. They go straight to the brasserie, the bistro, to Chanel or Hermes. If every store looked the same as Tokyo, London or New York, frankly, what would be the point of shopping here?"

The other key attraction is their level of personal service. At the designer fashion boutique Flower in the 7th arrondissement (7 Rue Chomet), the owner Ousui Nakamura is a one-man band, from attending all the shows and buying, to serving in the shop and pinning up the hems for his clients' alterations. After three years selling alone in a small space, he still has no intention of expanding the premises. "I prefer to remain small so I can continue serving my 10 to 40 clients a day myself," said Nakamura. "It also means I can keep the shop's reputation for being underground."

**T**HE trend for coziness goes beyond just retail. Le Fumoir, a fashionable restaurant, (6 Rue de l'Amiral Coligny), has a dining room designed to look like a library in a private house, where customers can sit and read the newspapers or a novel from the bookshelves. And over at the Hotel Costes gym, the membership is restricted to 80 people. There are no forms to fill in when you join and no one carries a membership card when they use the gym. Apparently there is no need. Everyone knows your name.

And that is the real pull of cozy, the home-from-home sensation of belonging. As Chikroun at La Belle Hortense summed it up: "Since we opened in February, we have very quickly built up a group of regulars. They drop by several times a week. People meet, start talking to one another or bump into friends. It's the social side and friendliness to shopping they enjoy."

ALICIA DRAKE is a fashion and style writer based in Paris.



Customers at La Belle Hortense bookshop in the Marais relax as they look through collections of soccer cards.

## Men Wake Up To Accessories Fast-Growing Market

By Roger Tredre

**L**ONDON — Not so long ago, most men's idea of an accessory was a flashy tie or a clunky watch. Now men's accessories are one of the fastest-growing sectors in fashion, and the customer has become a more discerning species.

On a rainy summer's day in the London department store Harvey Nichols, a 33-year-old advertising executive, Geoffrey Allen, was on the hunt for a pair of shoes. His target? The new square-toed, square-heeled loafer, called the Soho, from the British footwear designer Oliver Sweeney.

"Getting the details right is important," said Allen. "The shoes, the belt, the watch. At the end of the day, a suit looks like a suit, but a nice accessory makes all the difference." Sweeney himself, who often likes to mix with his customers in the Harvey Nichols menswear basement, nodded in agreement. "Men are catching on to the women's idea that accessories can lift an outfit, take a boring jacket into a new stratosphere."

Sweeney, who began selling to seven stores in Japan this summer as part of a concerted export drive, is planning to test the market this fall with a select line of attaché cases, belts and other leather items. "If you're an accessory designer, this is exactly the right time to expand," he said.

In truth, every designer wants in on the accessories market. Cross-stretching brands via licensing agreements is a gain-without-pain means of expanding a business. From Giorgio Armani to Yves Saint Laurent, established fashion houses are working hard to pep up the profile of their accessories collections, with watches the fastest-growing sector. Accessories are being featured more in fashion ads, even when the ads are ostensibly promoting clothing.

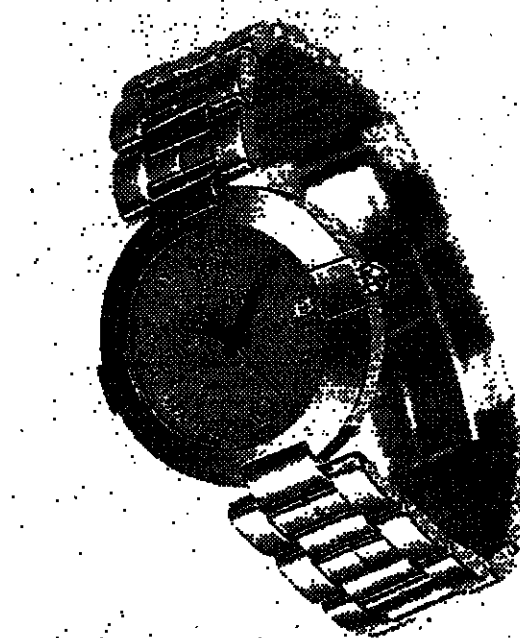
They are also playing a bigger role on the runways. "Men's designers are certainly offering more," said Nick Sullivan, associate director of the British men's fashion magazine Arena Homme Plus. "But men are also calling for it. They are creating more choice for themselves."

Reports from retailers in Britain suggest that one of the biggest new growth sectors is small bags. Men are hunting for the male equivalent to a handbag. Their ideal solution: small square bags with long straps from labels such as YMC.

Even jewelry for men is catching on. Rings by Wright & Teague and Manjet Virde are selling fast at The Library, the influential men's store in west London. Another Brit to watch: Jess James, which is selling all-gold prayer rings for £1,600 (\$2,560).

Retailers are delighted by the upsurge in accessory sales. "We're in a multisite situation. A guy buys a pair of trousers and he also buys a belt or a pair of shoes. It's good news for us," said Peter Sidell, co-owner of The Library.

Duchamp, a British accessories company, is to open a first flagship store in Notting Hill Gate, west London, in September, marking 10 years in business. Mitchell Jacobs,



E. Layton

Round watch from Yves Saint Laurent's new series.

a designer, said sophisticated understatement was the key trend for the new collection, leading on cufflinks and ties. "We have a line of subtly colored enamel cufflinks in pinks, grays and lilacs. Nicely understated," he said.

Accessories companies are also reviving — or reinventing — classic styles. If it sold before, why not try it again? The Patek Philippe Nautilus, a watch first launched in 1976, is one of many retro pieces staging a comeback.

In watches, fashion is moving on after several years from the trend for technical sports watches toward more designed, clean products. Gucci, Hugo Boss, and Emporio Armani have launched square-shaped watches with faces uncluttered by the paraphernalia of the chronograph.

The most fashion-conscious men are building "wardrobes" of accessories, which might mean three or four pairs of glasses and sunglasses, and a collection of watches, ranging from smart to smart-casual to active for the beach or sports use. For others, it is the brand that counts. Among the hottest sellers this summer are Gucci buckled loafers and Prada Sports hipbags in waterproof flannel. Street labels are also reporting strong sales for accessories.

For fall, Gucci is predicting big business for its red and green webbing belts, reviving a 1970s theme. Gucci has turned the belt from accessory into an integral feature of clothing by adding belt loops to shirts — the accessory promoted to star status.

In design terms, Gucci accessories share common themes across both men's and women's collections. Taking its lead from the fragrance market, the unisex accessory could be a new trend: from belts to sunglasses, watches and bags.

A final thought: the definition of a designer accessory is widening all the time. Paul Smith, Britain's biggest menswear designer, sells cufflinks and ties by the truckload, but one of his best-selling accessories is more unorthodox. A round of applause, please, for the Paul Smith toothbrush.

ROGER TREDRE is features writer for The Observer.



ks  
ng

Prada Tel: +89 2 646701

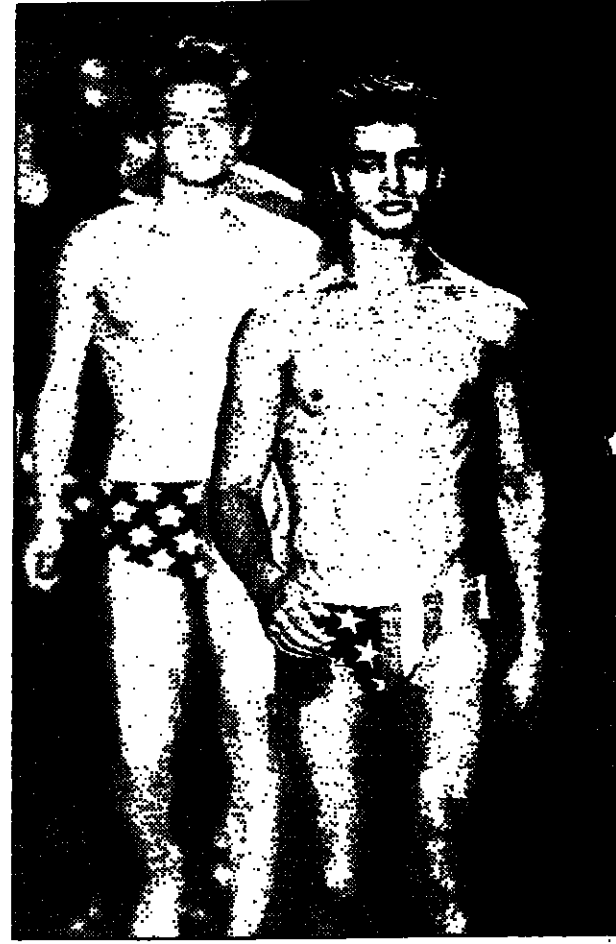
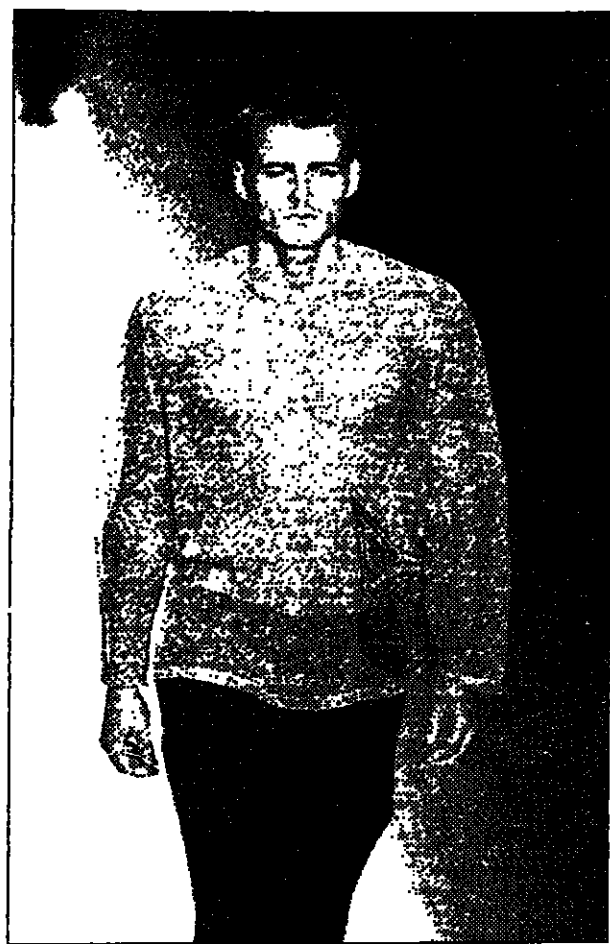
PRADA



هناك امتحان



## MEN'S FASHION / A SPECIAL REPORT



Armani's sheer sweater, showing the pectorals, with soft pants; Prada's nylon parka from the new sport range; Ferre's graphic patterned sweater, pants and suit; stars and stripes swimwear from John Bartlett for Byblos.

## Armani's Great Escape; Prada's Active-Wear Sails Ahead

By Suzy Menkes

MILAN — What's he thinking about, this gray-suited guy off to work? One look at his chest, veiled in a shirt so sheer it looks like an ocean wave, and you know he's dreaming of a summer holiday.

Giorgio Armani took his collection on vacation and it made a gentle and fitting end to the Milan menswear season. Without chasing after the sportswear trend that filled many runways with track pants and drawstrings, Armani signaled a new ease for work as well as play.

"Relaxed, casual and comfortable," said the designer, who took his bow in an airy sweater, soft pants and sneakers.

For lazy summer days he envisaged beach pajamas, the unconstructed ethnic outfits you might find in Java and one sweater so sloppy it ended at the knees. Even the regular jackets were cardigan-soft and had subtle textures like bird-prints on sand.

The oceanic colors alone told the story, as a leather jacket came in a fresh Atlantic green and shades of blue washed over the tailoring. Or there might be a sudden flash of coral jacket and a seaweed purple for pants.

Nice and easy was also the message for the subtle changes that brought Armani's silhouette up-to-date: a new pant cut flat at the front but in liquid fabric; the jacket tightened across the back and at the arms and its collar skinny. The only strident note was sweaters bias-cut and asymmetrically sliced.

But what about all that sheer? Are men really going to put their pectorals on view in a see-through shirt or sweater? As with womenswear, the transparency is about a lightness of spirit — and it worked as part of Armani's great escape.

You want sports clothes? Then does Prada have new stuff for you? Its show hit perfect pitch from the moment it opened with the house's signature nylon reduced to a fine sea spray.

That was for a new collection of active-wear parkas and ponchos that

came in cloud gray or off-white flashed with red.

Whereas the general trend is toward the sloppy and floppy, Prada's clothes are taut, clean and clinical: precise silhouettes tracing lab coats and Star Trek uniforms. They reflect the futuristic, high-tech materials, like a poplin shirt weightlessly padded to give controlled volume or the dry papery finishes mixed with greasy nylon.

The way that Miuccia Prada has conjured up a clothing culture for menswear is impressive, not least because she never forgets the company's roots. The inspired finale had the famous Prada bags integrated into outfits, either as the rocodile-marked leather of a top, the tweedy canvas of a suit or as bags ergonomically built onto the garment.

"I started with the idea of an accessory that forms part of the body — not a backpack but something organic," said Prada after a show that showed the fast-moving company streaking ahead.

The brisk pace and a slender, tenderized silhouette gave a fresh look to Gianfranco Ferre's show. Abandoning

both macho heroics and overwrought detail, the designer played up the graphic, architectural side of his menswear.

The new image was based on the narrowing down of the suit and the use of light, opalescent fabrics that gave sheen without shine. For shirt-jackets, lightness was the key, with black lamé-lined silk or sheer materials lined with white cotton voile floating breezily against the body. When there was decoration, it was modern and graphic: broken lines like basting stitches.

FERRE had some theatrics, as clouds of chalk dust flew around garments splattered with white pattern. But then the designer was facing a perennial problem: to show the clothes or play to the camera eye?

Ero is convinced that the show's the thing. "Erovision" it called the presentation, with morphing screen as backdrop and the models prancing out with a "third eye" on their forehead.

Yet the clothes were calmer than usual, offering blue workwear and Chinese-inspired, square-cut suits, with Ero's

signature prints subtly introduced as dark paisley patterned pants. And when prints were eye-popping, they were modern: wavy computer lines zigzagging across overshirts.

Showing his first Byblos men's line, the American designer John Bartlett took a theme. The program notes described a Steve McQueen-style Continental playboy. Well, in those screaming lemon yellow pants and orange shirt with conifer cutouts, he would be left right on the continental shelf.

Bartlett is a modern, if cerebral, designer. And the pieces he created were strong and current: the sleeveless sweater, the boxy overshirt, the well-proportioned white suit and T-shirt tracked with geometric lines. But his misguided Playboy theme emphasized an important fact about modern fashion: retro is over. All those past images from colonial through hippie have been wiped out. And Bartlett is too smart a designer to need a theme as a crutch.

Did all the Milan shows need to be seen on the runway? Although designers want to convey a mood and spirit to

affirm their images, so much of modern fashion is in the details, like the narrow drawstring puckering the back of a blouson and the complex mix of diagonal pinstripes that appeared in the sporty collection of Richard Edwards, an American design duo.

At Alexander dell'Acqua's show, the individual details meant deliberately raw seams on pants and the corset-like seaming in flesh tones on the designer's delicately worked sweaters.

One winner of the season was Missoni, which took over a vast empty building, and constructed two long photographic light boxes. On them, in all their glorious, intricate stitches, were the knits. Their shapes went from small sweaters to generous cardigans and colors were like the four elements: airy and pale, through richer earth tones, to the cool blues-greens of the sea and finally fiery reds.

With hip video clips of the clothes playing on a gigantic screen, the presentation turned into an art happening — a dramatic but practical way of making men's fashion come to life.

## When Fashion Jumps Into Sports Arena

By Rebecca Voight

PARIS — Fashion and sport may just be a match made in heaven. Ticker scams and hooligans aside, 80,000 spectators and an estimated 1.7 billion television fans will watch the World Cup soccer championship on July 12 and the warm-up act will be Yves Saint Laurent's 300 models gliding through the Stade de France, a symbol of what Pierre Berge describes as "the mysterious wedding of beauty and sport."

From Prada's bid for the America's Cup in 2000 to Tommy Hilfiger's link with Ferrari's Formula One Scuderia team, fashion at all levels is playing high visibility sports to win over customers. Once the exclusive territory of technical clothing and footwear, sport sponsorship is the latest arena for hot fashion companies.

Prada's single-handed sponsorship of the only Italian challenge in the America's Cup race represents a budget estimated at more than \$50 million.

The two 16-member teams have been training since last August in the Mediterranean as well as in New Zealand.

Prada's managing director, Patrizio Bertelli, who sailed often in the 1970s, hand-picked the teams and also acquired three America's Cup class boats for them.

Miuccia Prada worked with new technical materials and techniques to develop the gear worn by the Italian teams. And this year she quietly launched a sports collection. "For us, this isn't Prada Sport, it is just Prada. The only difference is a new label and a different brand name," she said.

Starting with casual pieces for men this spring, Prada has added womenswear, shoes and accessories for fall, including down jackets, polar knit tops, nylon ski pants and hiking boots. The collection is being bought by hip stores that cater to young customers, like Colette in Paris which sells high fashion but also the latest sneakers for urban wear.

Prada has steered clear of the heavy-handed logging employed by other designer sport lines. "Our idea is to mix technology with normal dressing," Miuccia Prada said. "You don't need to disguise yourself as a champion to practice a sport. In the long term, I see formal dressing for special occasions and an increasing number of people

wearing sportswear almost all day long."

According to Tommy Hilfiger, sports exert an "aspirational" appeal. His agreement with Ferrari for the 1998 season — an investment he estimates in the millions — includes outfitting the Scuderia team both on and off the track, as well as flashing his red, white and blue logo on the mirrors of the F1 cars. The Ferrari designs won't show up in the Hilfiger collection before next year.

"Ferrari is the most sought after automobile in the world, the ultimate," Hilfiger said. "This is a dream, but it's reality-based, because we're also dressing the pit crew and they get greasy."

And Formula One racing captures a European audience, a clientele that Hilfiger is now courting after opening his first European store on London's Sloane Street last year.

Hilfiger, with roots in casual, urban clothing, sponsors a huge cross section of sports, from the American golfer David Duval to California surfers. For this year's launch of Hilfiger Athletics, his new collection and third fra-

grance, the world champion cycling stuntman Libor Karas was signed on for promotional events. The advertising campaign features sons and daughters of well-known sports people like Cassandra Jenner, daughter of Bruce Jenner, an Olympic decathlon champion; and Amir Abdul-Jabbar, son of the basketball star Kareem Abdul-Jabbar.

SPORTS bounce fashion's message out to an audience it could never hope to capture on its own. The beauty giant L'Oréal, for example, earlier this year signed up the French soccer player David Ginola who did a television spot from the Stade de France in Saint-Denis.

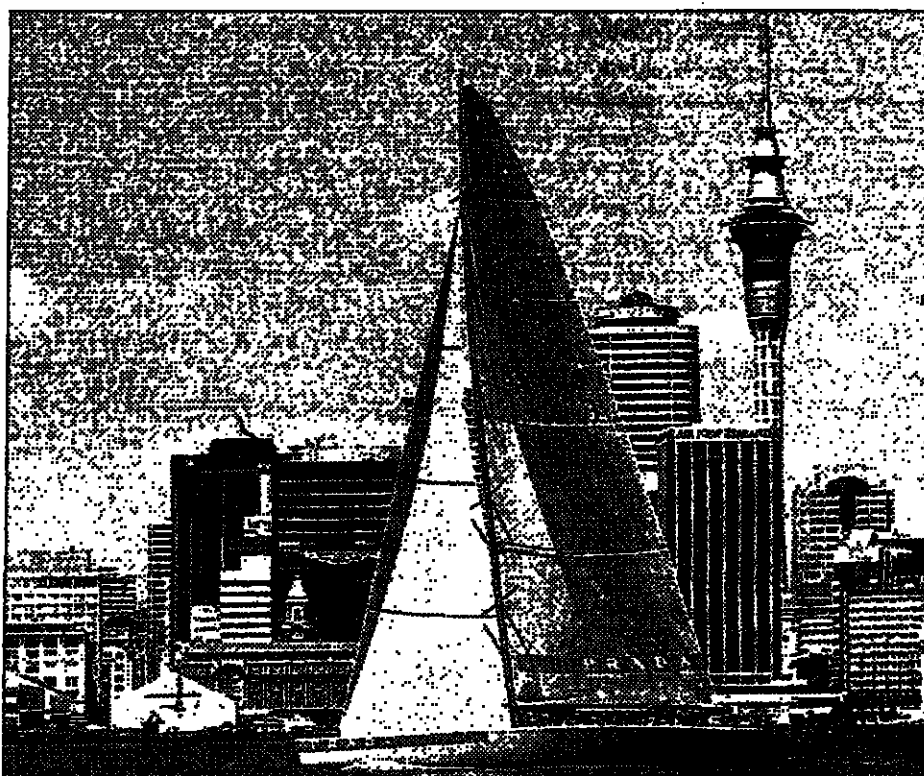
Nautica, an American newcomer to the European market, is smaller than its U.S. competitors like Ralph Lauren and Calvin Klein, but it is betting on a sponsorship plan to forge a European identity. In the United States, Nautica has branched out from its sailing image into golf and basketball. In Europe, however, it remains true blue with the Nautica Match Racing Team, which is

to tour Europe and visit Russia and Japan as well.

"The name Nautica comes from the Latin word for water, but we don't want to be limited to water sports," said the company's European president, J. Michael Haight. "Men are attracted to speed and to extreme sports in general, but they also want real, functional clothes." Thus Nautica's founder and designer, David Chu, develops fabrics like Nautech fleece and clever inventions such as zipper pulls with a thumb imprint so the wearer can unzip more quickly.

For labels that have always been involved with sports like Quiksilver, which calls itself the boardrider brand, the challenge is to preserve its insider reputation among a core of surf customers while developing mainstream clothing. Quiksilver is set to open a shop on the Champs-Élysées in Paris and sees itself increasingly competing with bigger sportswear names.

"We were born in the waves. We're like the Nike of surfing," said Harry Hodge of Na Pali, Quiksilver's European licensee. "From there it was natural for us to enter all



Prada's America's Cup team training on the boat Kanza last winter off Auckland.

the other extreme board sports, from windsurfing to skateboarding, snowboarding and skiing."

The brand, headquartered near Biarritz, puts surfers to work on product development, sponsors tournaments

and uses champion surfers like Kelly Slater and Robby Naish to plug its image.

Hodge said, "I think it's great that generalist labels are now turning to extreme sports to communicate with customers. That's something we've

always done, and the more people who see sport and fashion as one, the better it is for us."

REBECCA VOIGHT is a freelance journalist based in Paris.

## Of Marketing, Magazines and Cultural Mores

By Godfrey Deeny

PARIS — In the not too distant future, European men will begin paying for magazines in the same currency. Yet what they find inside will continue to differ enormously throughout the Continent. One of the great Holy Grails of European media, creating a European-wide men's title, remains exactly that — an unfinished quest.

### COMMENTARY

That is essentially because what European men look for, and find, in magazines varies enormously from country to country.

These variations in magazine content reflect important economic and sociological differences, which are not about to change soon. For instance, the average male university graduate in Britain gets his first salaryed job at about age 22. In Italy, where students take longer to get their degrees and military service exists, he starts his career at about 27. That means that young Britons tend to start reading magazines at a much younger age and buying the products advertised within their own, and not their parents', money.

Men's magazines also thrive most in periods of rapid change. One of the results of Thatcherism and Reaganism was the creation of a class of monied consumers who came from families that were unable to afford the luxuries of life. At its most basic, these consumers needed magazines to explain how to spend their money. All this helps to explain the startling difference in the sales of men's magazines throughout Europe.

In Britain, GQ, Esquire, Loaded, FHM, Arena and the recently launched Deluxe collectively sell well in excess of a million copies a month. In the more traditional cultures of Italy, France and Germany, national sales of men's monthlies are, at most, one quarter that amount.

The sheer number of titles has also generated a powerful school of British photographers, like Nick Knight, David Sims, Glen Luchford and Craig McDean, who shoot scores of ad campaigns throughout Europe. Their work also appears in a small group of men's fashion magazines — Dutch, Arena, Homme Plus, Uomo Vogue or Vogue Hommes International — which stand apart from more generalist men's magazines in that they are more international and avant-garde.

Part of the task of editing a men's fashion

magazine is showing designers and brands exciting new ways to look at their creativity. Older readers, and advertisers, occasionally ask me why we feature shoots that are dark and, at least to them, strange. The answer is that we don't want to bore our readers by producing a magazine that looks like a catalogue. Others find it strange that not all of our models are gorgeous hunks, which is akin to female readers complaining about the "ugly beauty" trend so present in women's magazines. Once again, the reason is that nobody reads magazines to find the tried and tested and that the concept of style and elegance changes for men and for women.

Returning to France, it is important to realize that it is a country where people are traditionally not keen to advertise wealth. French houses thus tend to be more conservative in their ads. As a result some forget a cardinal rule in fashion — a brand's need to periodically reinvent itself.

Fortunately, there are some exceptions. Under the design director Hedi Slimane, Yves Saint Laurent's classic cuts have become hip again. Many consumers arguably first became aware of this only after YSL hired the cutting-edge, London-based photographer Juergen Teller to shoot their ad campaign.

Louis Vuitton, Hermes and Kenzo are three other French luxury brands that have had major international successes by using their men's advertising to great effect.

One survey conducted for Vogue Hommes International showed that 95 percent of its readers responded to advertising from new brands. What readers wish to express by the way they dress, however, differs — Frenchmen want to be elegant, Italians refined and Germans different.

The purpose of fashion ads is certainly to stop people and make them think. Young men don't look inside their fathers' jackets to discover the label within, so ads are probably the most powerful tool that exists to simply inform emerging consumers of what is available in men's fashion.

One key reason Italian fashion designers are so well known is that they heavily outspend their European rivals. The great Milan houses spend a higher proportion of their budgets, about 4 percent per year annually, and up to 10 percent on launches. Significantly, Americans like Calvin Klein and Ralph Lauren have similar spending patterns.

GODFREY DEENY is editor in chief of Vogue Hommes International.

### raoul et curly

Best duty-free in town



Designers jewelry, C. Lacroix, E. Rambaud, YSL. Silk scarves, leather goods.

raoul et curly  
2 rue Daunou,  
47 avenue de l'Opéra,  
75002 PARIS  
Tel: 01 47 42 50 10  
Metro Opéra

All major brand  
perfumes.  
Prestigious watches:  
Baume et Mercier,  
Ebel, Gucci, Rado,  
Breitling, Tag Heuer.





WORLD ROUNDUP

Dallas Signs Hull

ICE HOCKEY Brett Hull, the All-Star winger, signed a three-year, \$17 million contract with the Dallas Stars on Friday.

Hull, 33, a 13-year National Hockey League veteran with 554 career goals, turned down a \$15 million contract with his old team, the St. Louis Blues, in March. (AP)

Vikings Are Sold, at Last

FOOTBALL Red McCombs, former owner of the San Antonio Spurs of the National Basketball Association, has bought the Minnesota Vikings of the National Football League. The bid was said to be as high as \$250 million. An earlier bid by Tom Clancy, the novelist, had fallen through. (AP)

Cardinals Sign Drew

BASEBALL J.D. Drew, who refused to sign with Philadelphia last season but was picked again in the first round of this year's draft by St. Louis, has signed with the Cardinals, the team said Friday. The deal is believed to be worth about \$7 million over four years.

Mo Vaughn, the Red Sox first baseman, will miss the All-Star Game because of hamstring strain. He was replaced on the roster by Rafael Palmeiro of Baltimore.

Dean Palmer, the Kansas City third baseman, will miss his first All-Star game after being hit by a pitch in the left elbow by St. Louis's Juan Acevedo. (AP)

Kirsten Makes 210

CRICKET Gary Kirsten was finally out for 210 Friday as his team tightened its grip on the third test against England in Manchester. Kirsten's innings, the longest in South African history, provided the backbone of a total of 487 for four at close on the second day. (AP)

Davies Shares Open Lead

GOLF Laura Davies of Britain shot a three-under-par 68 to earn a share of the first-round lead with Kim Williams of the United States at the U.S. Women's Open.

Davies hit mainly three-irons off the tees on Thursday and matched her career-best U.S. Open round with four birdies and one bogey at Blackwolf Run in Kohler, Wisconsin. (Reuters)



Laura Davies teeing off on No. 17 at U.S. Women's Open.



Henman of Britain returning a shot to Pete Sampras on Friday.

Sampras and Ivanisevic in Final  
American Cruises Past Henman, While Croatian Outlasts Krajicek

By Jennifer Frey  
Special to the Herald Tribune

WIMBLEDON, England — Goran Ivanisevic was laughing and looking up at the heavens when he first reached match point in his Wimbledon semifinal on Friday, his tongue hanging out of his mouth and his head clearly in the clouds. At the time, it was still mid-afternoon: the sun bright, the crowd restless, and the second Wimbledon semifinal — between the American Pete Sampras and England's own Tim Henman — so tantalizingly close.

Ninety minutes and 31 games later, his large body now casting a late-

Sampras won the match on a 134-mile-an-hour ace down the middle, then calmly walked to the net to shake hands with Henman, as both players were fiercely applauded by the crowd.

Now poised to play for his fifth Wimbledon title and 11th Grand Slam crown, Sampras did not bother with any exaggerated celebrations — he knows well that there is more work to be done.

Ivanisevic, by contrast, threw his bandanna, his racket, his towels and anything else he could find into the crowd after finally defeating Krajicek to earn his third shot at the Wimbledon title he has yet to claim.

A loser to Sampras here in 1994 and to Andre Agassi in 1992, Ivanisevic, a Croatian, is routinely referred to as "the greatest player never to win a Grand Slam."

The fans applauded him warmly, slowly emerging from the numbness that seemed to settle over everyone during the long, agonizing fifth set. Like Ivanisevic, the crowd thought that match was over — and Henman was on his way — when Ivanisevic stepped to the line with a 5-4 lead and double match point in the fourth set.

Then, Ivanisevic let loose with a fierce serve that he — and Krajicek — thought was an ace, but the electronic beeper went off to indicate a let. Krajicek, who was already walking to the net to shake hands, turned as both players returned to their respective baselines — Krajicek smiling in relief and Ivanisevic smiling and laughing and looking up at the sky as if he wanted to ask, "Why? Why?"

"O.K., it's 40-15, I'm serving O.K.," Ivanisevic told himself. "Now I'm going to hit another good serve."

He did, only Krajicek came up with a fantastic return.

So Ivanisevic walked back to the baseline again.

"No problem," he told himself, "40-30."

Then he double-faulted. Then he got nervous. Then Krajicek hit a winner, then a passing shot, then he held serve, then the match went to a tiebreaker.

"I still kept my mind there," Ivanisevic said. "I had a chance in the tiebreaker, then the fifth set was just a horror-thriller."

Krajicek broke Ivanisevic to go up by 3-2 in the fifth set; Ivanisevic immediately broke back, and from that point, the match played like some sort of mechanical exercise. There were no more break points until the decisive game — only once did a game even go to deuce — as Krajicek served up ace after ace after ace, and Ivanisevic pounded serve after serve after serve to Krajicek's weak backhand, then moved in for the volley.

Krajicek served 23 aces in the fifth set alone, and had 42 for the match, putting him four shy of the Wimbledon record. Ivanisevic finished with just 28, a relatively low number for a man who led all of Wimbledon with 133 aces coming into these semifinals, but this match was not about his serve, it was about his famously fickle head.

"That's strange, you know," Ivanisevic said, when asked how he kept his temper. "But I think, if I lose it for just a second, I lose the match. I don't think anybody can be on me when I lost the fourth set. Everybody says: 'Maybe it's going to be 6-2, maybe 6-3. He's gone. He's going to lose it.'"

Ivanisevic got a chuckle from that comment — he knows his own reputation well — but Krajicek did not necessarily agree. Forced to serve from behind throughout the long fifth set, Krajicek felt that Ivanisevic managed to stay looser, and more relaxed, because of the advantage of serving first. And it didn't shock him at all when Ivanisevic finally broke him in the 28th game of that set.

"I'm not very surprised," Krajicek said. "That's Goran. The only thing predictable about Goran is that he's unpredictable."

Braves' Maddux and Rex Sox' Martinez Work Their Magic

The Associated Press  
Greg Maddux and Pedro Martinez bolstered their bids to become the starting pitchers in next week's All-Star Game.

Maddux won his 10th consecutive decision, pitching a five-hitter for his second straight shutout as Atlanta won, 6-0, at Tampa Bay on Thursday night.

"He was throwing the ball where he wanted right from the start," said the

"He had two long innings in a row" in the dugout, said the Red Sox manager, Jimmy Williams said. "It's not that he had thrown a lot of pitches. We just wanted to protect our investment."

Martinez, probably competing with the Yankees' David Wells for the American League starting berth in the All-Star Game, struck out five and walked none against his former team. He retired the first 13 batters and left with the huge lead after throwing only 67 pitches.

Martinez 10, Rockies 3 Ken Griffey Jr. homered for the fourth consecutive game, hitting his league-leading 35th and tripling as Seattle beat Colorado. Russ Davis also homered for the host Mariners, who hammered Darryl Kile (5-11) with 10 runs in the first two innings.

Orioles 6, Marlins 3 Rafael Palmeiro homered for the fourth consecutive game, raising his total to 26, and Baltimore stopped its eight-game losing streak. Sidney Ponson (2-6) allowed two runs in six innings to help the host Orioles win their first game since June 22.

Pirates 5, Tigers 2 Esteban Loaiza limited Detroit to a run over 7½ innings and helped himself with a run-scoring single as Pittsburgh ended its four-game home losing streak.

Mets 9, Blue Jays 1 Mike Piazza



The Marlins' Todd Zelle narrowly missing a drive down third-base line.

homered, and Bobby Jones (7-5) allowed five hits over eight innings as New York salvaged the last game of the three-game series at Toronto.

Indians 7, Brewers 2 Tim Lincecum hit a two-run homer, and Bartolo Colon won his fifth straight start and had his first major league hit for Cleveland at Milwaukee.

White Sox 4, Astros 3 Magglio Ordonez hit a three-run double in Chicago's four-run fourth inning as the White Sox avoided a sweep at Houston. James

Baldwin (3-3) and two relievers combined on a five-hitter against the Astros, who got 30 hits in winning the first two games by a combined score of 27-6.

Cardinals 3, Royals 0 Juan Acevedo pitched 7½ scoreless innings as St. Louis snapped a three-game losing streak. Mark McGwire, who leads the majors with 37 homers, went 0-for-2 with two walks as the Cardinals won for only the second time in nine games.

Reds 8, Twins 7 Reggie Sanders' triple started a four-run eighth inning,

and Eddie Taubensee's RBI single in the ninth completed Cincinnati's comeback at home. The Reds got their sixth victory in seven games by scoring all eight runs against Minnesota relievers.

Dodgers 4, Rangers 1 Chan Ho Park pitched 8½ strong innings, and Charles Johnson hit a three-run homer as Los Angeles completed a three-game sweep at Texas.

Yankees 9, Phillies 5 Tino Martinez tied it with a three-run homer with two outs in the bottom of the ninth, and Ricky Ledee singled home the winning run in the 11th for New York at Yankee Stadium. New York, which trailed by 7-2 in the eighth, swept the three-game series.

Athletics 7, Padres 2 At Oakland, Kenny Rogers pitched a six-hitter, and Miguel Tejada hit a three-run homer for the A's.

Giants 7, Angels 4 At Anaheim, J.T. Snow homered twice and drove in four runs, and Kirk Rueter earned his 10th victory for San Francisco.

Cubs 5, Diamondbacks 2 Jose Hernandez hit a tiebreaking, two-run homer in the sixth inning as the host Cubs won consecutive games for the first time in three weeks. Sammy Sosa, who hit a record 20 homers in June to raise his season total to 33, went 0-for-3.

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

| LEAGUE           | TEAM          | W  | L  | PCT  | GB     |
|------------------|---------------|----|----|------|--------|
| EAST DIVISION    | New York      | 56 | 29 | .459 | 0      |
|                  | Philadelphia  | 46 | 36 | .466 | 10 1/2 |
|                  | Pittsburgh    | 42 | 39 | .516 | 14 1/2 |
|                  | Florida       | 33 | 50 | .398 | 22 1/2 |
|                  | Atlanta       | 30 | 54 | .357 | 25 1/2 |
| CENTRAL DIVISION | St. Louis     | 51 | 33 | .407 | 0      |
|                  | Chicago       | 45 | 39 | .536 | 6      |
|                  | Minnesota     | 43 | 39 | .524 | 8      |
|                  | St. Paul      | 40 | 42 | .488 | 10 1/2 |
|                  | Cleveland     | 36 | 45 | .444 | 14 1/2 |
| WEST DIVISION    | San Diego     | 54 | 31 | .433 | 0      |
|                  | San Francisco | 50 | 36 | .581 | 4 1/2  |
|                  | Los Angeles   | 42 | 42 | .500 | 11 1/2 |
|                  | Colorado      | 37 | 49 | .430 | 17 1/2 |
|                  | Arizona       | 29 | 56 | .341 | 25     |

THURSDAY LINESCORES

| TEAM          | SCORE | TEAM          | SCORE |
|---------------|-------|---------------|-------|
| Atlanta       | 6-0   | St. Louis     | 5-0   |
| Tampa Bay     | 0-6   | St. Paul      | 0-5   |
| San Francisco | 5-0   | San Diego     | 4-0   |
| Los Angeles   | 4-0   | San Francisco | 4-0   |
| San Diego     | 5-0   | San Francisco | 4-0   |
| Los Angeles   | 4-0   | San Francisco | 4-0   |
| San Diego     | 5-0   | San Francisco | 4-0   |
| Los Angeles   | 4-0   | San Francisco | 4-0   |
| San Diego     | 5-0   | San Francisco | 4-0   |
| Los Angeles   | 4-0   | San Francisco | 4-0   |

THURSDAY LINESCORES

| TEAM          | SCORE | TEAM          | SCORE |
|---------------|-------|---------------|-------|
| Atlanta       | 6-0   | St. Louis     | 5-0   |
| Tampa Bay     | 0-6   | St. Paul      | 0-5   |
| San Francisco | 5-0   | San Diego     | 4-0   |
| Los Angeles   | 4-0   | San Francisco | 4-0   |
| San Diego     | 5-0   | San Francisco | 4-0   |
| Los Angeles   | 4-0   | San Francisco | 4-0   |
| San Diego     | 5-0   | San Francisco | 4-0   |
| Los Angeles   | 4-0   | San Francisco | 4-0   |
| San Diego     | 5-0   | San Francisco | 4-0   |
| Los Angeles   | 4-0   | San Francisco | 4-0   |

THURSDAY LINESCORES

| TEAM          | SCORE | TEAM          | SCORE |
|---------------|-------|---------------|-------|
| Atlanta       | 6-0   | St. Louis     | 5-0   |
| Tampa Bay     | 0-6   | St. Paul      | 0-5   |
| San Francisco | 5-0   | San Diego     | 4-0   |
| Los Angeles   | 4-0   | San Francisco | 4-0   |
| San Diego     | 5-0   | San Francisco | 4-0   |
| Los Angeles   | 4-0   | San Francisco | 4-0   |
| San Diego     | 5-0   | San Francisco | 4-0   |
| Los Angeles   | 4-0   | San Francisco | 4-0   |
| San Diego     | 5-0   | San Francisco | 4-0   |
| Los Angeles   | 4-0   | San Francisco | 4-0   |

THURSDAY LINESCORES

| TEAM          | SCORE | TEAM          | SCORE |
|---------------|-------|---------------|-------|
| Atlanta       | 6-0   | St. Louis     | 5-0   |
| Tampa Bay     | 0-6   | St. Paul      | 0-5   |
| San Francisco | 5-0   | San Diego     | 4-0   |
| Los Angeles   | 4-0   | San Francisco | 4-0   |
| San Diego     | 5-0   | San Francisco | 4-0   |
| Los Angeles   | 4-0   | San Francisco | 4-0   |
| San Diego     | 5-0   | San Francisco | 4-0   |
| Los Angeles   | 4-0   | San Francisco | 4-0   |
| San Diego     | 5-0   | San Francisco | 4-0   |
| Los Angeles   | 4-0   | San Francisco | 4-0   |

THURSDAY LINESCORES

| TEAM          | SCORE | TEAM          | SCORE |
|---------------|-------|---------------|-------|
| Atlanta       | 6-0   | St. Louis     | 5-0   |
| Tampa Bay     | 0-6   | St. Paul      | 0-5   |
| San Francisco | 5-0   | San Diego     | 4-0   |
| Los Angeles   | 4-0   | San Francisco | 4-0   |
| San Diego     | 5-0   | San Francisco | 4-0   |
| Los Angeles   | 4-0   | San Francisco | 4-0   |
| San Diego     | 5-0   | San Francisco | 4-0   |
| Los Angeles   | 4-0   | San Francisco | 4-0   |
| San Diego     | 5-0   | San Francisco | 4-0   |
| Los Angeles   | 4-0   | San Francisco | 4-0   |

3rd Quarter Final - 19.00 (CET)  
4th Quarter Final - 24.00 (CET)  
tune in tonight  
EUROSPORT  
Eurosport, Europe's No.1 Sports TV Channel, available on cable and satellite



## WORLD CUP BRIEFS

### English Fan Faces Murder Charge

A 43-year-old English supporter was arrested Friday on suspicion of having stabbed to death a Frenchman in a train on Tuesday, the day of England's World Cup defeat at the hands of Argentina.

Paul Birch, an engineer from London, is not listed as a known hooligan but has confessed to stabbing the Frenchman in a Lyon-bound train as it pulled into Saint-Andre-le-Gaz station in the south-eastern Isere region, police said.

French police said Birch appeared to be mentally deranged.

Birch reportedly thought Frachet was an Argentina fan who was making fun of him before the second round match between England and Argentina in nearby Saint Etienne.

Birch stabbed Frachet in the stomach, then fled when the train pulled into the station.

Birch was detained Wednesday night after a fight in a Grenoble hotel involving the night porter. Police later connected Birch to the murder. (AFP)

Some 64 people are in prison on World Cup related charges, the French Interior Ministry said Thursday. Of these, 38 have been convicted and jailed for terms between one week and two years. Twenty six are awaiting sentencing. (Reuters)

### Lyon Adds 700 Police

The city of Lyon has drafted 700 extra police officers, including 18 German "spotters," and imposed a partial alcohol ban ahead of the World Cup quarterfinal Saturday between Germany and Croatia.

"It's the quarterfinals, the weekend, the start of the holiday period, so it's quite likely that there will be a few dozens, a few hundreds of people posing a threat," said prefect Michel Besse, the government's representative for the region. (Reuters)

### Replacement Is Fired

Ali Selmi, who took charge of the Tunisian World Cup squad after coach Henry Kasperczak was dismissed during the World Cup, was himself dismissed on Friday.

Selmi replaced Kasperczak after Tunisia lost its first two matches. It drew, 1-1, with Romania in Selmi's only match in charge, but he was fired, along with deputy coach Ali Rachad after a meeting of the Tunisian federation. (Reuters)

### Cameroonians Sue FIFA

The Cameroonian cultural association in Paris is suing FIFA, the governing body of world soccer, over a disallowed goal during a World Cup match against Chile. The association claims that the "inexcusable mistake" by referee Laszlo Vagner in disallowing Francois Omam Biyick's goal unjustly eliminated Cameroon.

"We don't look at this in the terms of the sport, but in terms of civil responsibility," said Michel Taupier, the lawyer for the Cameroon association.

"We consider the referee is a FIFA official, the FIFA being the civil party responsible for the damaged suffered."

The association is suing for 300,000 francs (\$50,000) for financial losses and 100,000 francs for emotional distress. (AP)

**We buy  
WORLD CUP  
TICKETS**  
Best prices paid  
Tel: +33 (0) 1 43 29 71 28  
& 06 14 064 841



Francesco Moriero, the Italian winger, leaping to volley the ball past Bixente Lizarazu, the French full back.

## SOCCER: France Squeezes Past Italy on Penalty Kicks by 4-3

Continued from Page 1

Bixente Lizarazu and Italy's Demetrio Albertini had both been stopped by the goalkeepers earlier. But after the French defender Laurent Blanc beat Gianluca Pagliuca to give France a 4-3 advantage, Di Biagio, the last of Italy's five designated penalty shooters, walked forward to try to keep Italy in contention.

Most of his teammates were stretched out on the ground at midfield. Most of the French were on their feet, although France's star playmaker, Zinedine Zidane, was on his knees with his arms locked behind his back as if he were serving a penitence.

Zidane had already been forced to miss the last two games for France after receiving a red card against Saudi Arabia, and despite all his ball-carriage skill and vision, he had been unable to produce a goal against the Italian defenders he faces so often in the Calcio.

But Zidane's penitence would soon be served. Di Biagio, a 27-year-old late bloomer who plays for Roma, jogged forward, struck the ball with his right foot toward the middle of the goal.

Barthez, the bald, bearded and bold French goalie, had guessed wrong and dove to his left. The crowd of 80,000 was screaming too loudly for anyone but Barthez and Di Biagio to hear the sound of the ball striking the crossbar, but a groan was surely heard all across Italy and a roar across France.

"If I'm not mistaken, this is the third time in World Cup history that we have

been eliminated this way," Maldini said. "Perhaps we are cursed a little bit, but I'm proud of my players. They gave everything."

The French, meanwhile, advanced to the semifinals. This will be France's fourth chance to get beyond that stage, having failed in 1958, 1982 and 1986. The pivotal player for France in 1982 and 1986, Michel Platini, is now president of the World Cup organizing committee, and he watched the match Friday from the stands with the French president, Jacques Chirac, at his side.

What the two presidents saw was a French team with a remarkable back line and a remarkable midfield, led by Zidane, but a problem putting the ball in the net. Since taking over the French team in 1994, Jacquet has been searching for strikers capable of capitalizing on the opportunities that Zidane and the midfield are so adept at creating.

France scored nine goals in its three group matches, but has managed only one in its last two matches against the Paraguayans and Italians.

On Friday, despite Jacquet's decision to leave striker Thierry Henry on the bench and start another defensive midfielder, Christian Karembeu, the French pushed forward from the start.

They had two good chances in the first six minutes, but Pagliuca deflected a tightly angled shot from Zidane and then pushed a fine shot from Emmanuel Petit over the crossbar. The best French chance came at the end of the first half when Youri Djorkaeff found himself

alone in front of Pagliuca, his teammate at Inter Milan, but shot wide.

There were many such reunions on the field Friday. During regulation, Zidane was marked by Gianluca Pessotto, his teammate at Juventus of Turin, and in the first half, there would be a forceful collision between the French defender Marcel Desailly and his AC Milan teammate, Alessandro Costacurta.

In all, 11 of the 22 players on the French roster have played or are still playing in Italy, and it is clear that the likes of Desailly, Lilian Thuram and the French captain, Didier Deschamps, have learned in Italy. The French no longer play like the "Brazilians of Europe," as Platini's generation was dubbed. They defend superbly, and on Friday they won most of the duels against the Italians.

But as time dragged on, the Italians, who have long made a habit of winning ugly, began to re-establish themselves, and near the end of the first period of overtime, they had an excellent chance to make this huge stadium suddenly quiet. But the volleyed shot of Roberto Baggio, who had replaced an ineffective Alessandro Del Piero in the 67th minute, would fly wide left of the goal, and the crowd roared on.

France had not lost to Italy in 20 years — not since the 1978 World Cup in Argentina.

"It seems to me that based on the whole of the match, we deserved to get through," Jacquet said. "Penalty kicks are a matter of sang-froid, and we kept ours. Once again, the best team won."

## In Shadow of Stade, France's Hidden Face

### Algerian Immigrants, Priced Out, Have Hero in Zinedine Zidane

By Rob Hughes

International Herald Tribune

PARIS — Between the Periphique — the highway that encircles Paris — and the new Stade de France, there are a dozen Algerian restaurants, cafes and bars. In each, you find followers of Zinedine Zidane, the French-Algerian hero of two nations. But no one knows any Algerian who had a ticket for the stadium where Zidane returned to the French team on Friday after a two game suspension.

"All of us are like Zidane — before he had money," said Khedidja on the morning of the match against Italy. Be-

#### Vantage Point

hind the counter of her cafe in Avenue du President Wilson, this woman who left Algeria for France 24 years ago, described the meaning of Zidane to her life and her family.

"He is so close to our feelings, he represents us," she said. "From here we can hear the crowd, we watch only on the TV. But when Zidane is playing, I feel more French than the French."

Her little boy, Karim, 7, was preparing to watch Friday's game against Italy, the first he would view even on television since his idol was sent off.

"He shouted bad words at the referee!" said his mother of the moment Zidane had been red carded for stomping on a Saudi Arabian player, also in the Stade de France. "Karim's too young to know the politics of why Zidane did what he did, but he just wouldn't watch France again until Zidane came back to the field."

The politics? Wasn't it just penitence, an overpaid star kicking out in a fit of pique?

"No, no, no!" exclaimed the mother. "I called my family, my mother and father in Algiers, and they told me there was a story in an Algerian newspaper that this was the revenge of Zinedine."

Revenge? "Of course, we are Kabyle," she said, referring to Berber-speaking people from the mountains of Algeria. "We don't appreciate extremes, and the Saudis are fanatical Muslims, so it was revenge."

The menfolk around the bar nodded. Here in Saint-Denis live some 3,000 of the 3 million Algerian immigrants in France. More often than not it is a very basic existence, close to poverty. The Stade de France is at once a site that brings their famous cousin to their doorstep, and an abominable extravagance of French state spending that will cost each of them extra taxes for as far into the future as they can see.

On the walls of this cafe are pictures of home. There is a photograph of Khaled, an Algerian singer, and little persuasion is needed before a tape of his

music is put into the recorder. There is another photograph of Omar Sharif, an Egyptian, and inevitably Zidane.

But pride does not pay the bills. "There are 3 million people unemployed here," says a Frenchman finishing his meal in the cafe. "So why put so much money into a stadium, which will be used only for this World Cup and then becomes our liability?"

Stade de France, visible from their homes, cost \$200 million, and the residents claim their tax rates will increase by 5 percent this year, next year and every year. God knows, they sigh, when we will ever get inside.

And then there is the boulevard, built to take the soccer followers to the stadium, and to whisk them away before they might stop in their cafes.

Step outside the restaurants of Avenue du President Wilson, and a huge Adidas poster, bigger than the houses, is filled simply with one face. Zinedine Zidane.

"This," says Khedidja, "helps us to accept the cost of everything. We can look out of the windows and see him, it is an enormous feeling of pride. The cartoon rouge, if he did it for what the paper said, isn't a disgrace. He has dignity, you know... really!"

Her eyes are smiling. She senses that a stranger can see the pride, the state of belonging, can even feel with her the sensation that Zinedine Zidane's place in French society takes her closer to the heart of the matter.

She also knows that Michel Platini, the figurehead of this gigantic event, was a cult figure whose roots were brought out by this contest.

Platini's father, Aldo, is Italian. That is where he got his love of soccer. And here stood Italy between France and the fulfillment. The discussion in the cafe somehow moved to immigrants, to the movements of populations, and the role soccer has in that.

"There are 20 percent in this country who are non-French," says a youth at the bar.

"Yes," counters Khedidja, "and there are 100 percent of Americans once they get the Indians out. My son, Karim, if he plays football like Zidane or like Platini, he will be French born and bred."

Like Zidane, in fact. For while he and his brother Farid learned to kick a ball on the streets of La Castellane, a district of his hometown, Marseille, not unlike this area of Saint-Denis, all France was comforted by his comeback in blue this weekend.

A final shot in the cafe, like a penalty shot, ended the debate.

"Are there too many foreigners in Paris?"

"Yes," came the reply. "11 Italians too many!"

Rob Hughes is Sports Correspondent of The Times of London.

## For Those Down on the Field, the Ties Very Often Run Deep

New York Times Service

PARIS — On television or in the grandstand, the World Cup appears stridently nationalistic.

When the English chant during the Argentine national anthem and the Argentines whistle during "God Save the Queen," it sounds like the guns of August of 1914 all over again.

Down on the field, it is another story, and thank goodness for that. As the World Cup shifted into the quarterfinals Friday, it is helpful to remember that these players are members of the same latter-day guild, free to cross borders in search of the almighty lira, pound, franc, peseta, Deutschmark and yen.

When they kick each other and take anguished dives over some poltergeistian foul, they are not doing it for the fatherland or motherland, but rather because that is how they normally go about their business.

Some of these guys are even friends. Last Saturday night, after Ronaldo's Brazil defeated Ivan Zamorano's Chile, they embraced and disappeared down

the tunnel together, perhaps to exchange shirts with identical No. 9 on them.

This was not some instant friendship sprung from 90 minutes of soccer. These two men from Latin America spend most of the year in Milan, where they both play up front for Inter.

Eleven of the 22 French players have worked in Italy, and they graciously praise that country for their soccer education.

"In Italy, every Sunday is a championship, and every Wednesday is a European Cup," said Zinedine Zidane of France, who plays for Juventus of Turin.

"All the French players who played outside the country have brought something back with them," Zidane said. "Myself, I learned to win with Juventus. Today I have only one wish: to win with the national team of France."

Another French player who works in

Italy is Youri Djorkaeff, the artistic shotmaker for Inter. On Friday, he ran into Giuseppe Bergomi, the quiet Zio Beppe (Uncle Joey) of Inter, who has been pressed into duty as the Italian sweeper because of injuries, and Gianluca Pagliuca, the winner of the Dean Martin Look-Alike Contest, who minds the goal for Inter and Italy.

"He's a good pal, but on Friday he will become my enemy for 90 minutes," Pagliuca told L'Equipe, the French sports daily.

Pagliuca swung an ugly elbow at an opponent during the first round, while Djorkaeff and all attackers know how to deliver nasty little kicks to the head and body of a goalkeeper sprawling for the ball, but there are limits.

"I won't insult Gianluca that way I insulted Chilavert before the Paraguay game," Djorkaeff said, referring to the burly goalie, Jose-Luis Chilavert. "That time, I wanted to create a spirit of

revolt, to provoke him."

Actually, Djorkaeff has been provoking Pagliuca on the long rides to the old Italian city-states during the grueling Serie A season.

"I love to light up Gianluca, gently," Djorkaeff said. "I've played against Italy twice and scored twice, both when he was the keeper. He tells me I was lucky both times."

Many other players in this World Cup have labored in Spain or England. When Real Madrid won the Champions Cup in May, Predrag Mijatovic of Yugoslavia scored the winning goal and later came off for Davor Suker, who plays for Croatia. The history of their two nations is full of grief, but Mijatovic and Suker are family friends.

Yugoslavia has been eliminated, and Suker made the penalty kick to beat Romania the other day.

When Argentina plays the Netherlands in Marseille on Saturday, Javier Zanetti of Argentina may cross paths with Aron Winter, the savvy Dutch midfielder, his teammate from Inter.

When Peter Schmeichel, the towering Danish goalkeeper, was wielding his body as a weapon against Brazil on Friday, he already knew many of them from European games with Manchester United.

There is a history to this cross-pollination. Michel Platini, the co-president of the French organizing committee for this World Cup, had six superb seasons playing for Juventus. Despite his family's roots in the Piedmont section of Italy, Platini did not speak Italian when he arrived.

"We played cards, we are together, we visited each other's homes," Platini said this week. "If my socks didn't match my shirt, Claudio Gentile or Marco Tardelli would get on me about it."

In 1986, Platini scored a goal for France in a 2-0 quarterfinal victory over Italy in the World Cup in Mexico. A few weeks later, he and his Italian pals were replaying the game during Juventus road trips to Naples or Florence. If only the fans could bounce back so easily.

# Worldwide coverage

via the World's Daily Newspaper

Herald Tribune

Comprehensive yet concise, informed yet impartial, the affairs of the world unfold on the pages of the World's Daily Newspaper.

الشرق الأوسط



## WORLD CUP

# After Cup, The Dutch Will Again Be Strangers

The Associated Press

MONTE CARLO — Yet again, the lure of bigger paychecks — and bigger audiences admiring the players' skills — is draining the Netherlands of the cream of its soccer talent.

With at least two transfers likely to be finalized before next season, only four of the 22-man Dutch World Cup squad are expected to play in the Netherlands come September.

The phenomenon is nothing new. The list of past Dutch exports is long and illustrious. Johan Cruyff, Marco van Basten, Ruud Gullit and Frank Rijkaard are just a few players who made their names and fortunes in foreign leagues.

"For top players, salaries in the Netherlands are about the same as in bigger countries, but the tax system is different," said Paul Onkenhout, a soccer writer with the Dutch daily De Volkskrant. "In Italy and England, players keep twice as much money after tax."

Of the current crop of Orangemen, just Edwin van der Sar, Frank de Boer, Wim Jonk and Andre Ooijer look certain to be playing in the Dutch Honor Division next season.

Jonk is nearing the end of his career; Ooijer is just beginning his, and nobody expects Van der Sar or De Boer to stick around too long.

Earlier this year, the De Boer twins suggested the introduction of tax breaks for top soccer players as a way of keeping them in the Netherlands. The government rejected the idea.

Now Ronald is almost certain to quit Ajax, and England's Arsenal is reportedly the most likely club to sign him.

Also likely to leave is Feyenoord Rotterdam's Giovanni van Bronckhorst, who is expected to sign with the Glasgow Rangers — coached by the Dutchman Dick Advocaat.

Frank de Boer wants out, too, but Ajax Amsterdam refuses to sell him yet.

"I could go to three or four clubs immediately, but I have signed at Ajax and they won't let me go," De Boer said.

But it is not just money that takes players out of the Dutch League.

"They get bored," Onkenhout said. "It's no challenge playing against RKC Waalwijk, or Volendam." Two teams often to be found near the basement of the Dutch Honor Division.

"The players want to perform on the biggest stage," he said. "Also, you do not improve as a footballer playing for years in the Netherlands."

De Boer and his Ajax teammates past and present almost always play in the Champions Cup. But the players say they crave week-in, week-out challenging opposition, and that is not available in the Netherlands.

As a result, they seek stronger opposition on foreign fields.

Gus Hiddink, the Dutch national trainer, who himself played in the United States and coached the Spanish club Valencia, says the change of scenery improves the players. He said his squad had significantly improved since two years ago because so many players were with foreign clubs.

"Now they have experienced different clubs, different cultures," he said. "That pays back into the national team."



The Dutch midfielder Philip Cocu in Roquebrune Cap-Martin, France, near Nice, where his team trains.

## Croats: First-Timers, but Hardly Rookies

By Amy Shipley  
Washington Post Service

PARIS — No team sits more conspicuously among the World Cup quarterfinalists than Croatia, the team with the distinctive red-and-white checkered jerseys and a World Cup history that extends no farther back than June.

In a tournament famous for rewarding experience and denying underdogs, Croatia has squeezed into a final eight that includes the World Cup heavyweights Italy, Argentina, Brazil and Germany — Croatia's opponent in Saturday's quarterfinal in Lyon.

Germany has advanced this far seven times dating back to 1938. The Germans own three World Cup championships. The Croats have not even played three significant tournaments — let alone won any — since gaining independence from Yugoslavia six years ago. For the Croats, every victory qualifies as a historic achievement.

Coached by a man with a passion for cigarettes, chocolate and superlatives, the Croats have already advanced farther than any rookie World Cup nation in 24 years. The last team to reach the quarterfinals in its first World Cup appearance was East Germany in 1974 — which explains the elation after Tuesday's victory over Romania in the second round, led by Coach Miroslav Blazevic, who declared the team "happy, happier, the happiest."

Devor Suker, the striker who scored the winning goal, called the victory "a

new watershed in the history of Croatian football."

Yet this first-time team should not be equated with other World Cup rookies like Japan and South Korea, which bowed out in the first round and will be co-hosts of the World Cup in 2002.

Croatian players started on the Yugoslav national teams dating from 1948, when Yugoslavia won an Olympic silver medal with 11 Croats on the roster.

Both Robert Prosinecki, born in Germany to parents with mixed Croatian and Serbian background, and Robert Jarni played in the 1990 World Cup for Yugoslavia.

By the time Croatia gained its independence in 1992, it had missed the deadline to enter the qualifying tournament for the 1994 World Cup in the United States. International sanctions prevented Yugoslavia from competing in that same World Cup. "This is a dream come true for us," Jarni said about reaching the quarterfinals.

Prosinecki has said he received death threats from both Croats and Serbs as he milled over which nation to represent in international competition. Prosinecki picked Croatia. In its first major international appearance, the 1996 European Championship, Croatia advanced to the quarterfinals — where it lost, 2-1, to Germany.

Which brings us back to Saturday's match.

The Germans have shown plenty of stamina and spirit in this tournament,

rallying to defeat Mexico in the Round-of-16 and to tie Yugoslavia in the first round. Led by the strikers Juergen Klinsmann and Oliver Bierhoff, the Germans are considered the favorites against Croatia — perhaps more on the basis of their experience than pure talent.

For Croatia, Suker is considered among the elite strikers in the world. Goran Vlaovic, a forward whose soccer career was once jeopardized by a major brain operation, has lined up next to him because of the absence of the star forward Alen Boksic.

Zvonimir Boban, the temperamental captain who reportedly once punched a policeman during a riot after a soccer game, brings a strong presence to the midfield. Jarni offers speed on the flank.

The Croats' talent is unquestioned. But they played inconsistently in the qualifying tournament before the World Cup, finishing second to Denmark and needed playoff games against Ukraine to advance.

And the Croats landed in arguably the weakest World Cup group, paired with Argentina, Japan and Jamaica. The Croats won their matches against Japan and Jamaica — as expected — but lost to Argentina.

In the match against Romania, Croatia passed its first true test. Now, just as in the European Championship in 1996, Germany stands in the way.

"Let us not forget that Germany is a friend of Croatia," Blazevic said. "As everyone knows, there is nothing sweeter than beating a friend."

## A Dutch-Argentine Replay of '78 Final

Compiled by Our Staff From Dispatches

Argentina vs. Netherlands, 4:30 P.M., Montevideo. In a repeat of the 1978 final, the Netherlands faces Argentina, this time with a place in the World Cup's last four at stake.

Argentina won the 1978 final in Buenos Aires, 3-1, after extra time for its first Cup championship, went on to win another title in 1986 and made the final again in 1990. The Dutch haven't even made the semifinals since.

Daniel Passarella, the Argentine coach, is likely to make at least one change to his defense. Roberto Sensi, a fullback who missed Argentina's last two matches with a pulled muscle, is expected to play.

Passarella's training sessions suggest Abel Balbo, a striker with Italy's Roma, will start instead of Valencia's Claudio Lopez.

The Netherlands will most likely be missing Michael Reiziger, a right back who has a bruised foot. If Reiziger is not fit, Gus Hiddink, the Dutch coach, will probably start the midfielder Aron Winter in his place.

Germany vs. Croatia, Lyon, 9 P.M. Croatia has not beaten Germany in four attempts. It lost, 2-1, to Germany in a Euro match marked, the Croats say, by many contentious refereeing decisions.

"They beat us at Euro '96 with the help of the referee, and we've been waiting for this chance for two years,"

said Igor Stimac, a Croatian defender. Germany, a three-time World Cup champion, may have the veteran defender Juergen Kohler available. Kohler, 32, trained after missing the second-round victory over Mexico with a calf strain.

The emerging midfield star Jens Jeremies may replace the center half Thomas Helmer. Jeremies started and was one of Germany's best players in the opening victory over the United States. But the 24-year-old lost his place after a less confident performance in the 2-2 draw against Yugoslavia. An alternative to Jeremies would be the veteran Olaf Thon, who has lost his place on defense to Lothar Matthaus. (AFP/AP)

# For U.S., Sad Showing Won't Stunt the Game

Future Hopes May Reside in Familiar Face

By Ian Thomsen  
International Herald Tribune

BOSTON — Last week after a World Cup game in Marseille, a French teenager tried to convince me that America had "no business" trying to play "football" — baseball, basketball, absolutely, but soccer never. No doubt he was speaking for the majority of soccer supporters in Europe.

There is a feeling that this is their sport, and it's not for America to water it down, suburbanize it and make the weekend at the football ground a sanitized family outing. The larger world is

and Iran. Over the last four decades, the United States has played in 10 World Cup matches and scored five goals. Its only World Cup victory came in 1994, in its home stadium in Los Angeles, against a Colombian team that received highly credible death threats by fax on the day of the game and that supplied the Americans with an own-goal.

On one point, the elder American players had a right to be angry this year. Coach Steve Sampson naively chose a relatively young and inexperienced team that did not fairly represent the hard-fought improvements won by the likes of Alexi Lalas, Eric Wynalda, Tab Ramos, Marcelo Balboa and others.

The coach failed to understand — failed to respect — the fighting spirit of these pioneers. When Sampson released John Harkes, the 31-year-old team captain, he did so believing that he could replace Harkes with a more talented and less troublesome player. But Sampson failed to replace the presence of Harkes — to fight, to contest every 50-50 ball, to tackle hard and to energize his teammates to do likewise.

In the end, Sampson never quite replaced Harkes and his benched peers, who for the last decade have been the inspirational engine of U.S. soccer. In their absence this American team was soft. It might have been different if Sampson had realized that the Americans couldn't compete with true footballing nations on the sole basis of talent. He should have sacrificed talent at a couple of positions in order to instill his team with more tenacity and fight.

All of this is just an opinion. In truth, it is irrelevant. What matters most is what Sampson thinks of all of this.

SAMPSON resigned as the U.S. coach on Monday and later talked about coaching in Mexico or a Central American country. Let's hope he does. He is only 41. He should go far away where he won't have to defend his policies in this World Cup. He can take whatever lessons he feels he has learned from this experience and apply them in other environments. He can grow.

In the meantime, the U.S. Soccer Federation will continue to hire other coaches. The foreign coaches will probably never quite understand the singularity of American athletes and therefore will fail.

And then, 10 to 12 years from now, I hope that Sampson will return. He can become the first great American soccer coach — provided he is harsh and honest with himself in learning from the last few months. This tournament proved that the culture of American soccer runs no deeper than the experiences of each player. In real soccer countries, the players share similar footballing backgrounds. In America, it's not that simple. Remove Lalas or Ramos from the team and you remove part of the culture.

Among U.S. coaches, the culture is especially shallow. None of the coaches raised in the parochial American collegiate system can possibly understand how to beat the rest of the world at their own game. The one exception is Sampson. He was meant to fail this time. What matters is how he applies this experience in the future. The best hopes of U.S. soccer reside in him.

Ian Thomsen is a senior writer for Sports Illustrated magazine.

## World Cup Results

## QUARTERFINALS

JULY 3, IN ST. DENIS  
France won 4-3 on penalty shoot-out.  
JULY 3, IN MONTREAL  
A—Brazil vs. Denmark

JULY 4, IN MARSEILLE  
C—Netherlands vs. Argentina  
D—Germany vs. Croatia

## SEMIFINALS

JULY 7, IN MARSEILLE  
Winner A vs. Winner C  
JULY 8, IN ST. DENIS  
France vs. Winner D

## THIRD PLACE

JULY 11, IN PARIS  
Losing semifinalists

## FINAL

JULY 12, IN ST. DENIS

When matches are drawn after 90 minutes, teams start to play two 15-minute periods of extra time. Play now stops immediately when one team scores in extra-time — a "golden goal" for the winner, sudden death for the loser. If no goal is scored in the 30 minutes, the match is decided by a penalty shoot-out.

## DENNIS THE MENACE



"I KNOW, GRANDPA... I THINK THIS IS GONNA BE ONE OF MY GOOD DAYS!"

## JUMBLE

THAT SCRAMBLED WORD GAME by David Arnold and John Appleton

Use the letters to make words, to test your wits and to beat your friends.

NOVEM

KORBO

DRAWTY

NOIMOD

Answer these A

Answers: MUTE, EXACT, SCENE, REVERSE

Answers: MUTE, EXACT, SCENE, REVERSE

Answers: MUTE, EXACT, SCENE, REVERSE

Answers: MUTE, EXACT, SCENE, REVERSE

Answers: MUTE, EXACT, SCENE, REVERSE

Answers: MUTE, EXACT, SCENE, REVERSE

Answers: MUTE, EXACT, SCENE, REVERSE

Answers: MUTE, EXACT, SCENE, REVERSE

Answers: MUTE, EXACT, SCENE, REVERSE

Answers: MUTE, EXACT, SCENE, REVERSE

Answers: MUTE, EXACT, SCENE, REVERSE

Answers: MUTE, EXACT, SCENE, REVERSE

Answers: MUTE, EXACT, SCENE, REVERSE

Answers: MUTE, EXACT, SCENE, REVERSE

## PEANUTS



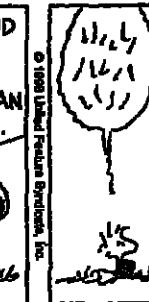
"MY GRAMMA USED TO READ DOG DISHES."



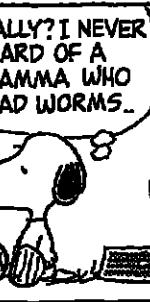
"AFTER WE WERE THROUGH EATING, SHE'D TAKE A DOG DISH, LOOK AT IT CAREFULLY, AND TELL US THE FUTURE."



"GRAMMA SAID DOG DISHES WERE MORE ACCURATE THAN TEA LEAVES."

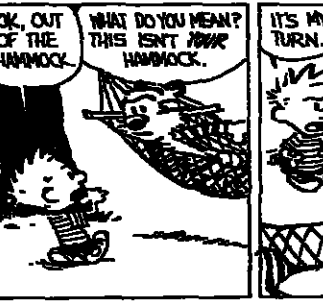


"REALLY? I NEVER HEARD OF A GRAMMA WHO READ WORKS."



"OK, OUT OF THE HAWMOCK."

## CALVIN AND HOBES



"OK, OUT OF THE HAWMOCK."



"WHAT DO YOU THINK THIS IS? MY HAWMOCK?"



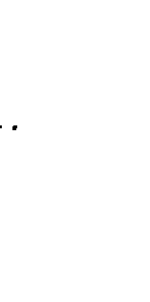
"IT'S MY TURN."



"WIS HERE FIRST, IT'S YOUR TURN WHEN I'M DONE."



"IF YOU WON'T GET OUT, THEN I'M COMING IN WITH YOU."



"LIKE HECK YOU ARE!"



"THIS CRUMMY HAWMOCK ALWAYS SINGS."

## GARFIELD



"CLICK YOURSELF!"



"HOW WAS TV TONIGHT?"



"TOUCH!"



"CLICK YOURSELF!"

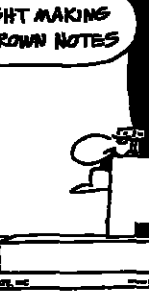


"CLICK YOURSELF!"

## WIZARD of ID



"THIS MAN WAS CAUGHT MAKING COUNTERFEIT FIFTY-CROWN NOTES."



"WHAT GAVE HIM AWAY?"



"HE HAD 'GOD SAVE THE KING' UNDER HIS PICTURE."



"WHAT GAVE HIM AWAY?"



"HE HAD 'GOD SAVE THE KING' UNDER HIS PICTURE."



"WHAT GAVE HIM AWAY?"



"HE HAD 'GOD SAVE THE KING' UNDER HIS PICTURE."

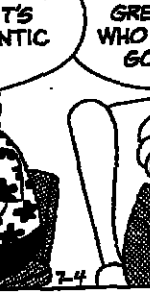


"WHAT GAVE HIM AWAY?"

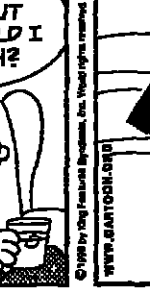
## BEETLE BAILEY



"Y'KNOW, I THINK IT'S TIME FOR A ROMANTIC TRIP TO PARIS."



"GREAT, BUT WHO WOULD I GO WITH?"



"HEE HEE! I LOVE TO HIT HER WITH STUFF LIKE THAT."



"HEE HEE! I LOVE TO HIT HER WITH STUFF LIKE THAT."



"HEE HEE! I LOVE TO HIT HER WITH STUFF LIKE THAT."

## NON SEQUITUR



"COMPLIMENTS OF THE GENTLEMAN AT THE END OF THE BAR, WHO ASKED ME TO INFORM YOU THAT HIS MEDICAL HISTORY CAN BE DOWNLOADED FROM HIS WEB SITE, AND THAT HE'S NEVER NEEDED TO TAKE VIOGRA."



"COMPLIMENTS OF THE GENTLEMAN AT THE END OF THE BAR, WHO ASKED ME TO INFORM YOU THAT HIS MEDICAL HISTORY CAN BE DOWNLOADED FROM HIS WEB SITE, AND THAT HE'S NEVER NEEDED TO TAKE VIOGRA."



"COMPLIMENTS OF THE GENTLEMAN AT THE END OF THE BAR, WHO ASKED ME TO INFORM YOU THAT HIS MEDICAL HISTORY CAN BE DOWNLOADED FROM HIS WEB SITE, AND THAT HE'S NEVER NEEDED TO TAKE VIOGRA."



"COMPLIMENTS OF THE GENTLEMAN AT THE END OF THE BAR, WHO ASKED ME TO INFORM YOU THAT HIS MEDICAL HISTORY CAN BE DOWNLOADED FROM HIS WEB SITE, AND THAT HE'S NEVER NEEDED TO TAKE VIOGRA."



"COMPLIMENTS OF THE GENTLEMAN AT THE END OF THE BAR, WHO ASKED ME TO INFORM YOU THAT HIS MEDICAL HISTORY CAN BE DOWNLOADED FROM HIS WEB SITE, AND THAT HE'S NEVER NEEDED TO TAKE VIOGRA."



"COMPLIMENTS OF THE GENTLEMAN AT THE END OF THE BAR, WHO ASKED ME TO INFORM YOU THAT HIS MEDICAL HISTORY CAN BE DOWNLOADED FROM HIS WEB SITE, AND THAT HE'S NEVER NEEDED TO TAKE VIOGRA."



"COMPLIMENTS OF THE GENTLEMAN AT THE END OF THE BAR, WHO ASKED ME TO INFORM YOU THAT HIS MEDICAL HISTORY CAN BE DOWNLOADED FROM HIS WEB SITE, AND THAT HE'S NEVER NEEDED TO TAKE VIOGRA."



"COMPLIMENTS OF THE GENTLEMAN AT THE END OF THE BAR, WHO ASKED ME TO INFORM YOU THAT HIS MEDICAL HISTORY CAN BE DOWNLOADED FROM HIS WEB SITE, AND THAT HE'S NEVER NEEDED TO TAKE VIOGRA."

## BLONDIE



"SO, JUSTIN, WHAT'S YOUR LIFE AS MY PARENTS'?"



"AND HOW DO YOU PLAN TO ACCOMPLISH THAT?"



"THAT'S EASY..."



"I'M NEVER LEAVING HOME."



"I'M NEVER LEAVING HOME."

## MODERN MOVES...



"COMPLIMENTS OF THE GENTLEMAN AT THE END OF THE BAR, WHO ASKED ME TO INFORM YOU THAT HIS MEDICAL HISTORY CAN BE DOWNLOADED FROM HIS WEB SITE, AND THAT HE'S NEVER NEEDED TO TAKE VIOGRA."



"COMPLIMENTS OF THE GENTLEMAN AT THE END OF THE BAR, WHO ASK



## DAVE BARRY When Icons Go Postal

MIAMI — If you asked me to name the three scariest threats facing the human race, I'd give the same answer that most people would: nuclear war, global warming and Windows. So I was happy to learn that the federal government has decided to protect me from Microsoft.

Sometimes, when we face a really huge threat, we need the government to protect us. This idea was dramatically dramatized in the recent movie "Deep Impact," which you might have missed because it was in theaters for only 15 minutes before spontaneously mutating into rental videocassettes. The plot is that the astronomy community — which I sometimes wish would just leave us alone — announces that a comet is hurtling through space on a course that will cause it to smash into the Earth right before the end of the movie and destroy all life on the planet, which consists primarily of actress Tea Leoni.

Our nation's leaders, recognizing that the comet is (1) the greatest danger the human race has ever faced, and (2) unlikely to make large campaign contributions, decide to destroy it by launching a rocket containing Robert Duvall. This tactic always worked for Marlon Brando in "The Godfather," but it seems to have failed this time, and when the world appears to be doomed, U.S. President Morgan Freeman, conveying sincerity by means of eye bags the size of catchers' mitts, announces that the government has a plan to save 2 million people who have been determined, by totally objective means, to be worthy of survival, including: top government officials, doctors, relatives of top government officials, movie extras, scientists and Monica Lewinsky. The plan is that these people will spend two years in a cave in Missouri, along with precious artifacts of American culture and, presumably, a huge quantity of deodorant.

But just when all appears to be lost, Robert Duvall manages to destroy most of the comet. All that's left is a small piece that falls harmlessly into the Atlantic Ocean, after which a computer-generated wave destroys New York and Washington. So it's a happy ending after all.

But my point is that when we are faced with a threat that we cannot handle ourselves, we depend on our government to protect us. And that's exactly what is happening right now, as the antitrust division of the Justice Department takes on a huge and arrogant monopoly, a monopoly that, by totally dominating its market and ruthlessly eliminating competitors, has left us, the consumers, with no choice but to buy its products and pay whatever inflated price it demands: the U.S. Postal Service.

No, sorry. The federal government wouldn't dare take on the Postal Service, which is heavily armed and recently tested a thermonuclear device. So instead the government is going after software giant Microsoft (motto: "We Have Worked Out All the Bugs").

Microsoft's No. 1 product is Windows, which now comes automatically installed on every computer in the world and many kitchen appliances. Technically, Windows is an "operating system," which means that it supplies your computer with the basic commands that it needs to suddenly, with no warning whatsoever, stop operating. I speak from experience here. Many a time I have spent hours writing a serious and thoughtful

**Microsoft can be very insistent about this kind of thing.**

column on an important issue, only to have Windows get into a snit and call a general computer strike that erases all my work moments before deadline, leaving me with no choice but to bang out a highly inaccurate column such as this one.

The big dispute between the government and Microsoft concerns the Internet "browser," which is the piece of software that puts a message on your computer screen informing you that the Internet is currently busy and you should try again later. As you can imagine, the potential market for this service is huge, so Microsoft would like you to use its browser, and not somebody else's. Microsoft can be very insistent about this kind of thing. On my current computer, Windows has created a little Earth-shaped icon on the screen, and if I click it, it tries to get me to sign up for something called the Microsoft Network. The hell of it is, Windows will NOT let me get rid of this icon. I've tried everything, including scrubbing the screen with harsh abrasive cleansers.

So I think the Justice Department should spend however many hundreds of millions of dollars it takes to figure out a way to get this thing off my screen. I also want Janet Reno to appoint somebody — I'm thinking Kenneth Starr — to look into the very real possibility that Windows is cheating at solitaire. Above all, I think the government needs to immediately start constructing caves in Missouri, in case the Postal Service goes postal.

© 1998, The Miami Herald

Distributed by Tribune Media Services Inc.

### Name the three scariest threats facing the human race.

## A Quiet Town Turns Mecca for Diana Pilgrims

By Sarah Lyall  
New York Times Service

GREAT BRINGTON, England — If there were any dissenters here who found it all a bit much — the rush of cars on once quiet country roads, the \$15 commemorative pillboxes, the fresh expressions of grief that made it seem almost as if Diana, Princess of Wales, died last week instead of last August — they were mostly keeping quiet.

"I don't want to talk to you, and I don't want to give my opinion," said one woman, answering the door at her cottage not far from the gates of Althorp, Diana's childhood home. She did agree to sell a jar of homemade honey, though, for £1.50 (about \$2.50). "You should have seen the crowds yesterday. One person was very rude."

The crowds were bound, of course, for Althorp, where Diana's brother, Earl Spencer, opened a \$5 million shrine (and a café and gift shop) to her memory on Tuesday. Until the end of August, members of the public who have paid \$16 apiece and ordered their tickets in advance will be allowed to tour the earl's new Diana museum, which rehearses in vivid, sobering detail the now familiar stages of her brief life. (If you haven't bought a ticket already, too bad: They're already sold out for the summer.)

There is an exhibit devoted to Diana's childhood, with grainy black-and-white home movies of Diana at a tea party, Diana on a swing, Diana on her tricycle. There is an exhibit that shows her as the devoted mother of two sons, one the heir to the throne of England. Her larger-than-life wedding dress, all poorly silk and satin frills, is on display here, as are a selection of other outfits. There is also a Christmas card from Prince Charles, a toy rabbit with an ear missing, and some of the books of condolence signed by members of the public when she died. And, at an outdoor clearing, pilgrims can sit quietly and look out across the lake at the



"I'm embarrassed to be here," said Lindy Jamieson, who accompanied a friend to Althorp.

small island that holds Diana's grave.

People who saw the exhibit Thursday pronounced it moving and surprisingly untacky. "It's very tasteful and very aesthetic," said Steven Phillips, an importer and exporter of English and American collectibles from Dallas, who said he was shifting his professional attention to Diana memorabilia.

Most people seemed to approve of the earl and all his works. But here in what has become the epicenter of the Diana grief industry, there were tiny hints of discord. One couple said they were shocked to see that the hundreds of bouquets and notes left Tuesday by the first crowd of visitors had apparently been dumped in a bin that looked

uncomfortably like a huge trash receptacle.

Lindy Jamieson said she was shocked, period. "I'm embarrassed to be here," said Jamieson, a secretary who had come, she said, only because a friend had begged for her company and given her a free ticket. "I know Earl Spencer keeps saying, 'Fancy making money out of her death,' but of course he's done it to make money."

Meanwhile, a serious gender divide seemed to be developing in and around the Althorp parking lot, a muddy field. By far the biggest number of the visitors were women, old and young, in groups of two, three and four. The relatively few men accompanying them seemed

to be drastically less fervent about the whole thing.

"I only came to prevent a big fight," said Breat Abbott, a U.S. Air Force production superintendent stationed in Germany, who pronounced the post-Diana phenomenon "a woman thing" that was experienced not by him but by his wife, Belinda.

How could he explain it? "I guess because she's such a strong woman and women look up to her," he said. Mrs. Abbott had headed not just her husband but their two children out of their base in Germany and brought them all the way to Althorp.

Outside the post office, Wilf Daniels, a 68-year-old resident of Chelmsford, tried to account for his own presence in Althorp. "When

you think of it, really, women followed Diana when she was alive," he said. "And most men are much more interested in their own wives than in other women."

Simon Walton, a service engineer from West Yorkshire, was carrying a \$70 Althorp trinket box bought by his wife, Samantha. Mrs. Walton, he said, cried when she saw Diana's grave, but he most certainly did not. "Look, I was the chauffeur," he said. "I came to see the house and grounds."

If many men were having a hard time dealing with all these feelings, how was Great Brington itself coping? It was hard to tell.

Many of the residents of the village, once a farming community that is now inhabited mostly by professionals, were at work. Others, at the sight of reporters, rushed into their houses and pulled their curtains across the windows.

But Martin Whitley, the village postmaster, who has emerged as a neighborhood spokesman and who is enjoying a rich trade in special-edition Diana stamps and postcards, said that Great Brington had moved past its earlier fears about the Diana-seeking crowds.

For one thing, with several roads around the village now closed, most people were parking in the designated Althorp parking lot rather than on Great Brington's streets, he said. Nobody seemed to be wandering around looking for a public bathroom, perhaps the village's greatest fear (it doesn't have public bathrooms). And — softened, perhaps, by the earl's gracious one-time-only gesture in waiving the Althorp entrance fee for hundreds of his neighbors last week — the residents generally feel positive toward him, Whitley said.

Of course, the earl owns about 30 percent of Great Brington, including the post office.

"Some people feel strongly about Diana, and some don't really care," Whitley said. "But there it is. We're here, and we have to put up with it."

## PEOPLE

THE U.S. representative Barney Frank and Herb Moses have split up after 10 years of living together. The first gay couple to function openly in political circles, Frank and Moses are credited with helping to open the eyes of Congress and the public to the equal treatment of gays and lesbians. Frank, 58, declined to say why the relationship was over. The split was amicable, the Massachusetts Democrat said in *The Boston Globe*, though "recently things changed some." Moses, 41, recently moved out of their home and left an executive position at the Federal National Mortgage Association to open a pottery studio. A staunch defender of gay rights, Frank used his position in the House of Representatives to improve the status of gay and lesbian couples. Moses was the first partner of an openly gay member of Congress to receive spousal access privileges in the Capitol.

"Whistle Down the Wind," Andrew Lloyd Webber's first new musical in five years, has opened at the Aldwych in London to mixed reviews 18 months after he pulled the plug on a different

version of it that was heading to Broadway. The show marks Lloyd Webber's first collaboration with the Grammy-winning American songwriter Jim Steinman, who worked on the lyrics. The central figure of the musical, which takes place in Louisiana in 1959, is a convict on the run whom several children take to be Jesus Christ.

The French actor Gerard Depardieu has been ordered to stand trial on drunken driving charges following a motorcycle accident in May. He could face up to two years in prison, a heavy fine and a ban from driving for up to five years. Depardieu suffered a fractured leg and a damaged knee after he slid off his motorcycle while taking a curve in a village west of Paris. The police said later that the actor had a blood-alcohol content of 2.5 grams per liter of wine and five times the French legal limit.

The former model Christie Brinkley gave birth to a baby girl, her publicist said.

Sailor Lee's proud papa is the architect Peter Cook. Brinkley, 43, has a 3-year-old son, Jack, and a daughter, Alexa, 12, from her two previous marriages.

Francis Ford Coppola won a \$20 million judgment from a jury that decided Warner Bros. stole his screenplay idea for a live-action version of "Pinocchio." Coppola testified tearfully during the trial that the studio thwarted his lifelong dream of making a feature-length "Pinocchio." He said Warner Bros. threatened to sue any studio that tried to produce the movie.

Antonio Banderas is directing his wife, Melanie Griffith, in "Crazy in Alabama," a bizarre black comedy where she plays a woman carrying around the head of her decapitated, abusive husband. "You're not a director when you start a movie, you're a director when you finish it," Banderas said. "And after that I will have to wait several months to see if I'm a good director, or a bad director."



(move fast)

and use AT&T Direct™ Service. With the world's most powerful network, you get fast, clear, reliable connections from anywhere. Plus you'll always have the option of an operator who speaks your language. All it takes is your AT&T Calling Card or credit card, and you're well on your way. In a hurry.

### For easy calling worldwide:

1. Just dial the AT&T Access Number for the country you are calling from.
2. Dial the phone number you're calling.
3. Dial your card number.



| AT&T Access Numbers |               |                 |                 |                |               |
|---------------------|---------------|-----------------|-----------------|----------------|---------------|
| Austria             | 022-243-011   | Greece          | 00-800-1311     | Saudi Arabia   | 1-800-10      |
| Belgium             | 0-800-100-10  | Ireland         | 1-800-555-005   | Spain          | 700-99-00-11  |
| Czech Republic      | 00-42-000-101 | Israel          | 1-800-74-74-749 | Sweden         | 020-795-411   |
| Egypt (Cairo)       | 010-2000      | Italy           | 172-1011        | Switzerland    | 0000-85-8011  |
| France              | 0-800-99-0011 | Netherlands     | 020-402-0111    | United Kingdom | 0-800-00-0011 |
| Germany             | 0130-0010     | Russia (Moscow) | 755-5042        | United Kingdom | 0-800-85-0011 |

For access numbers not listed above, ask any operator for AT&T Direct Service, or visit our Web site at [www.att.com](http://www.att.com)

For access numbers not listed above, ask any operator for AT&T Direct Service, or visit our Web site at [www.att.com/traveler](http://www.att.com/traveler)



It's all within your reach.

Credit card calling subject to availability. Payment terms subject to your credit card agreement. Toll-free numbers permit country-to-country calling outside the U.S. Collect calling is available in the U.S. only. Country-to-country rates consist of the cost of a call to the U.S. plus an additional charge based on the country you are calling. You can call the U.S. from all countries listed above. \*Pay phone deposit. \*Limited availability. \*Calling available to most countries. \*Public phones require local coin payment during the call. \*Dial "02" first, outside Canada. \*Additional charges apply outside Moscow, U.S. \*U.K. access number in U.K. \*U.K. call does not complete, use 0800-031-011. ©1998 AT&T

هكذا من النمل